

# **SOPER & ASSOCIATES, LLC**

Real Estate Appraisers & Consultants

4511 Broadmoor Avenue, SE  
Grand Rapids, MI 49512-5369

PHONE: 616.554.6110

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E-MAIL: Soper@SoperLLC.com

## **NARRATIVE SUMMARY REAL ESTATE APPRAISAL OF**

**THE REAL PROPERTY**

**LOCATED AT**

**1011 N. MISSION STREET**

**CITY OF MT. PLEASANT**

**ISABELLA COUNTY**

**MICHIGAN**

**OCTOBER 2, 2006**

# **SOPER & ASSOCIATES, LLC**

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October 10, 2006

Ms. Tracy DeClercq  
Real Estate Division  
Facilities Administration  
Michigan Department of Management & Budget  
Mason Building, 1<sup>st</sup> Floor  
P.O. Box 30026  
Lansing, MI 48909-0026

RE: 1011 N. Mission Street  
City of Mt. Pleasant  
Isabella County, Michigan

Dear Ms. DeClercq:

The property located at 1011 N. Mission Street within the city of Mt. Pleasant, Isabella County, Michigan was inspected on October 2, 2006. The purpose of the inspection was to acquaint us with the appraised property and the surrounding area. The legal description for the subject property is located in the *Identification of the Subject Property* section of this report.

This appraisal report is dated October 2, 2006. The concluded market value concerns the fee simple estate of the appraised property "As Is" as of October 2, 2006.

The market value of real estate is contingent upon utility or use. Real estate is valued at its highest and best use, which is an opinion based upon the demand characteristics of the market. The appraisers concluded the highest and best use of the subject property was as vacant land available for commercial/retail development.

The following market value conclusion is subject to the ***Assumptions and Limiting Conditions, Extraordinary Assumptions, definitions, certifications, hypothetical conditions, etc.*** contained herein:

INTEREST APPRAISED	DATES OF VALUATION		CONCLUSION OF VALUE
Fee Simple Estate	October 2, 2006	"As Is"	\$95,000

Ms. Tracy DeClercq  
October 10, 2006  
Page 2

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice (USPAP)*, the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), and the appraisal instructions of the Michigan Department of Management & Budget.

This is a narrative summary report as provided by Standard 2-2 of the *Uniform Standards of Professional Appraisal Practice (USPAP)* which sets forth three options for written appraisal reports. The level of reporting as provided in this standard does not affect the degree of reliability upon the valuation conclusion.

The compensation for this report was not contingent on the concluded value or any part of the elements of the research and/or analyses conducted.

Respectfully,

A handwritten signature in cursive script that reads "Bruce I. Soper". The signature is written in dark ink and is positioned above the printed name and title.

Bruce I. Soper  
President  
State Certification #1201000323

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**VALUATION OF THE FEE SIMPLE ESTATE  
"AS IS"  
AS OF OCTOBER 2, 2006**

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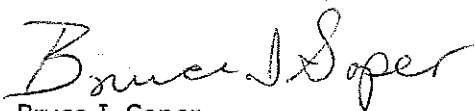
**ADDENDUM**

- A. Plat Map
- B. Flood Plain Map
- C. Zoning Map
- D. Letter of Engagement
- E. Appraisers' Qualifications
- F. Real Estate Appraisers Professional Liability Certificate

## **CERTIFICATION**

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. Our personal, impartial, and unbiased professional analyses, opinions, and conclusions contained herein are limited only by the reported assumptions and limiting conditions.
3. We have no present or prospective interest in the property that is the subject of this report and we have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, and with the requirements of the Code of Professional Ethics and Standards of Professional Practice of The Appraisal Institute.
8. Mr. Bruce I. Soper and Mr. William M. Detrick have made a personal inspection of the property that is the subject of this report.
9. Mr. William M. Detrick has provided significant real property appraisal assistance in the preparation of this appraisal report and the accumulation of the municipal data and comparables.
10. Appraisers are required to be licensed and are regulated by the Michigan Department of Consumer and Industry Services, Licensing Division, PO Box 30018, Lansing, MI 48909. Mr. Soper is licensed as a State Certified General Real Estate Appraiser; Mr. Detrick is licensed as a Limited Real Estate Appraiser.



Bruce I. Soper  
President

State Certification #1201000323

<b>SUMMARY OF SALIENT FACTS</b>	
LOCATION	1011 N. Mission Street City of Mt. Pleasant Isabella County, Michigan
PRESENT USAGE	Vacated Michigan State Police Post
HIGHEST AND BEST USE	"As Vacant": Commercial Development
LAND AREA	Net Land Size: 13,200 Square Feet or 0.30 Acres Shape: Rectangular Topography: Level Frontage: 100 linear feet along N. Mission Street Zoning District: C-3, General Business
EXISTING PRIMARY IMPROVEMENT	Style: One- and two-story, masonry Type: Office Gross Building Area (SF): 3,029 Basement Area (SF): 667 Accessory Structures (SF): 212
EFFECTIVE AGE	50 Years

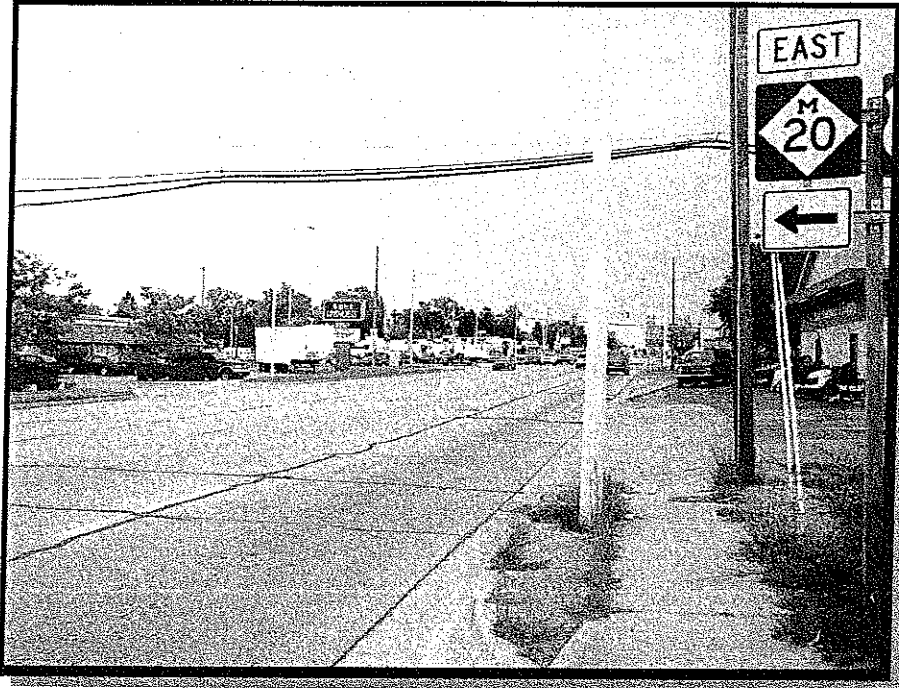
<b>SUMMARY OF CONCLUSIONS</b>			
<b>INTEREST APPRAISED</b>	<b>DATES OF VALUATION</b>		<b>MARKET VALUE CONCLUSIONS</b>
Fee Simple Estate	October 2, 2006	"As Is"	\$95,000

## **EXHIBIT 1**

**SUBJECT PHOTOS  
TAKEN BY WMD ON OCTOBER 2, 2006**



**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Street Scene**

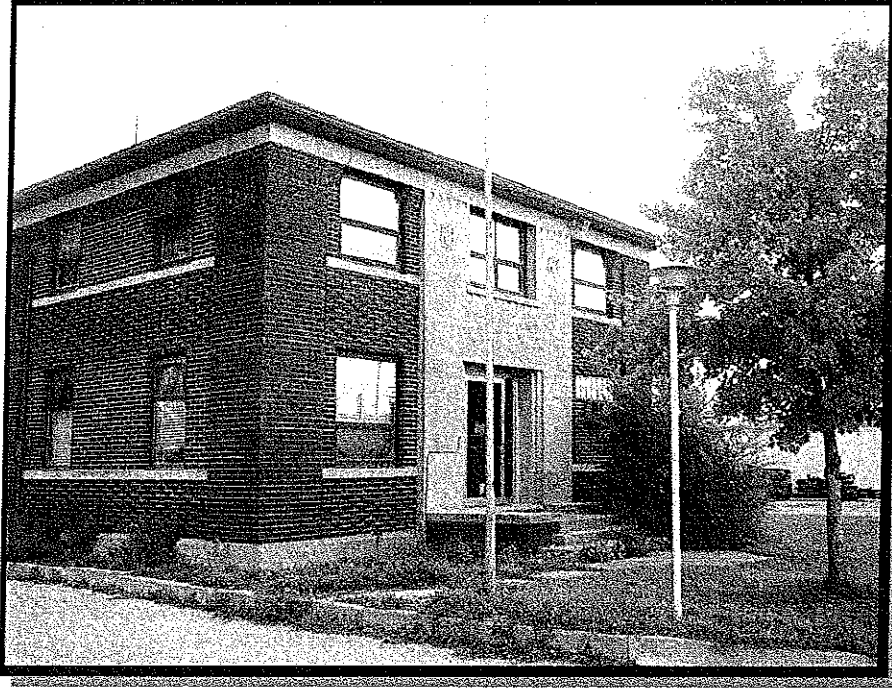
View from the subject property  
along N. Mission Street from  
the north looking south



**Street Scene**

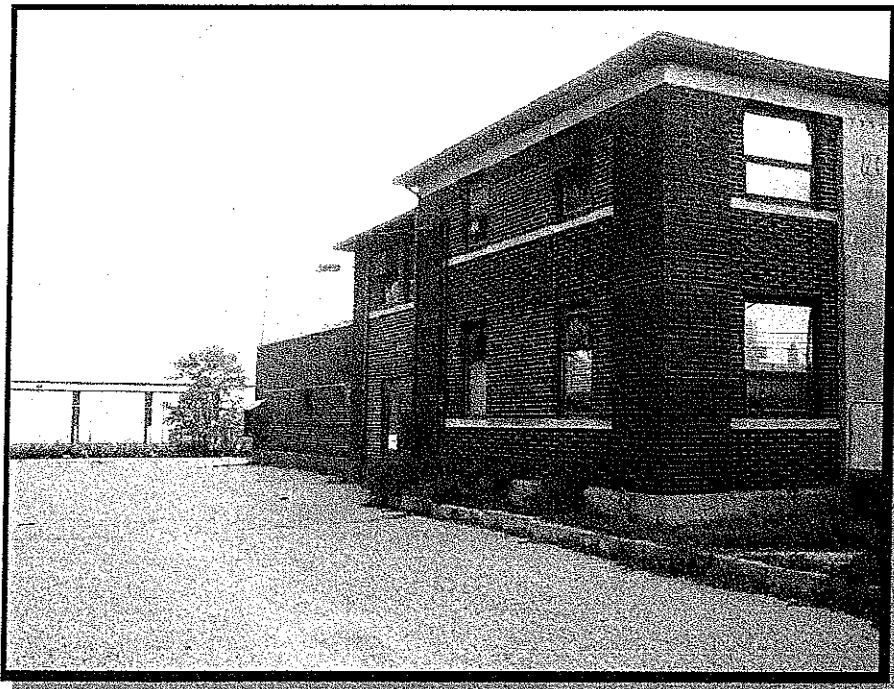
View from the subject property  
along N. Mission Street from  
the south looking north

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Exterior Scene**

View of the subject property  
from the southeast looking  
northwest



**Exterior Scene**

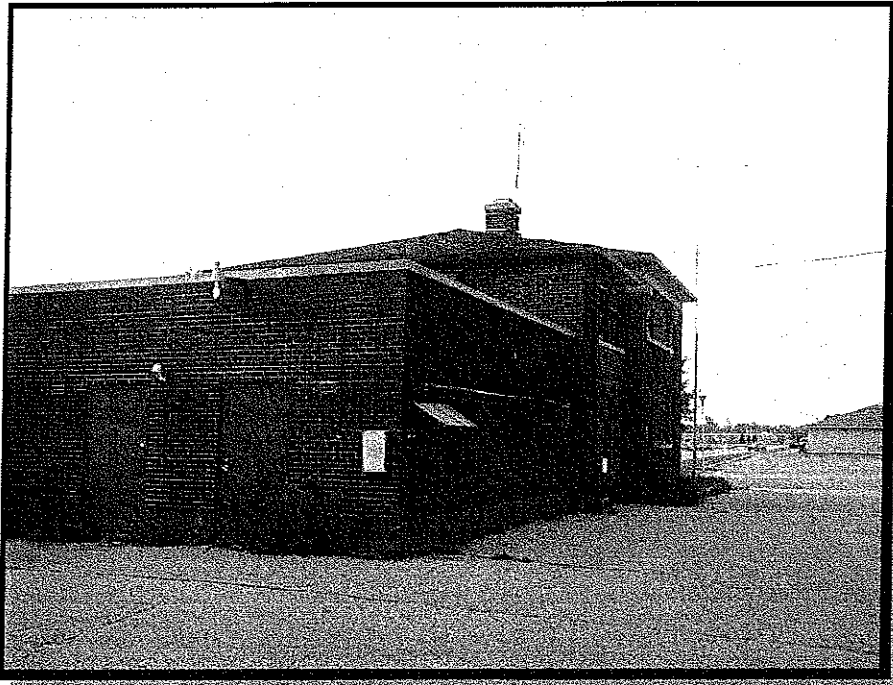
View of the subject property  
from the southeast looking  
northwest

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Exterior Scene**

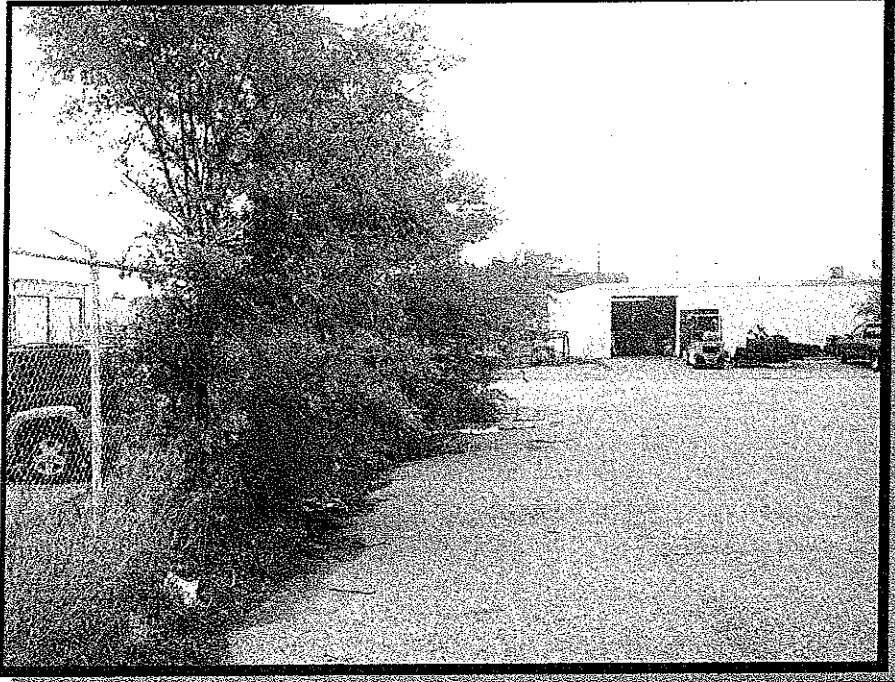
View of the subject property  
from the southwest looking  
northeast



**Exterior Scene**

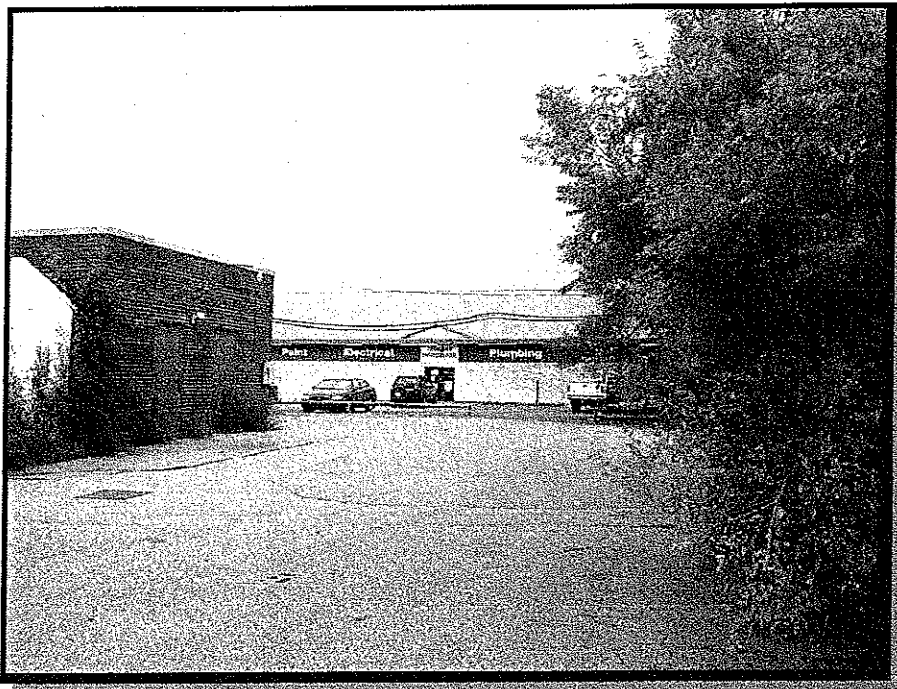
View of the subject property  
from the southwest looking  
northeast

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Exterior Scene**

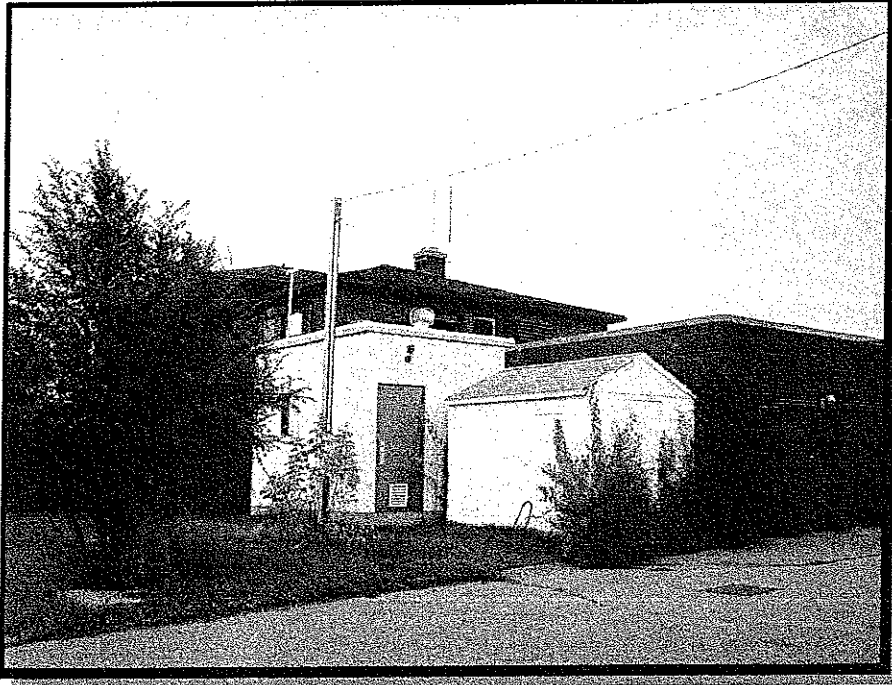
View of the subject property  
along the west property line  
from the south looking north



**Exterior Scene**

View of the subject property  
from the north looking south

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Exterior Scene**

View of the subject property  
from the northwest looking  
southeast

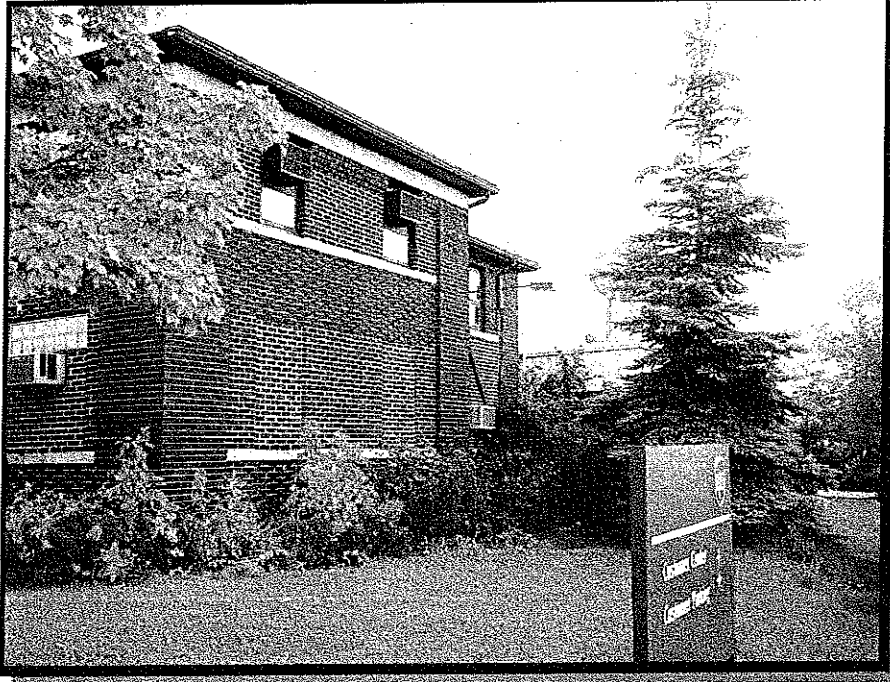


**Exterior Scene**

View of the subject property  
along the north property line  
from the east looking west

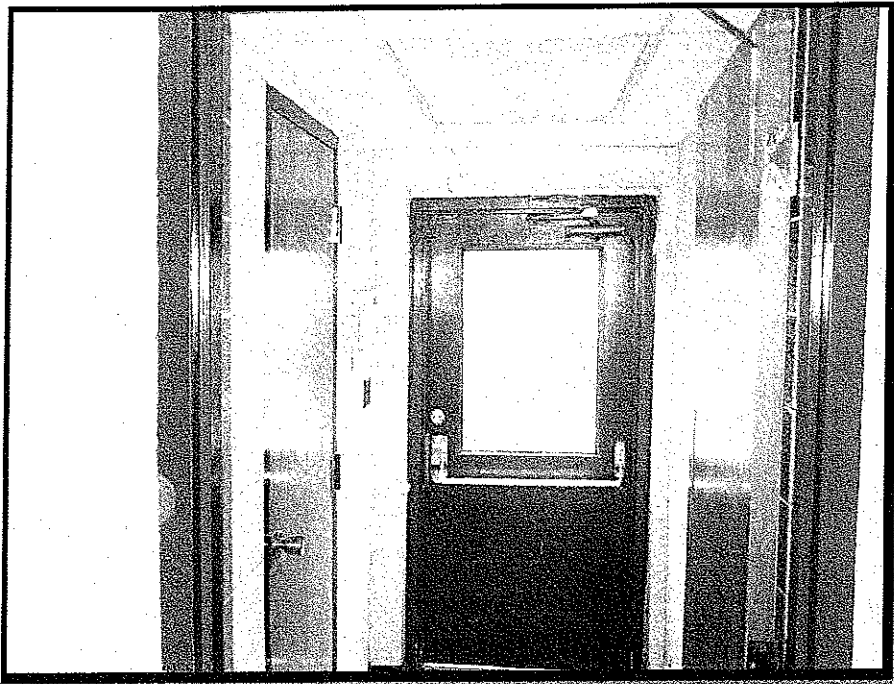


**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Exterior Scene**

View of the subject property  
from the northeast looking  
southwest



**Interior Scene**

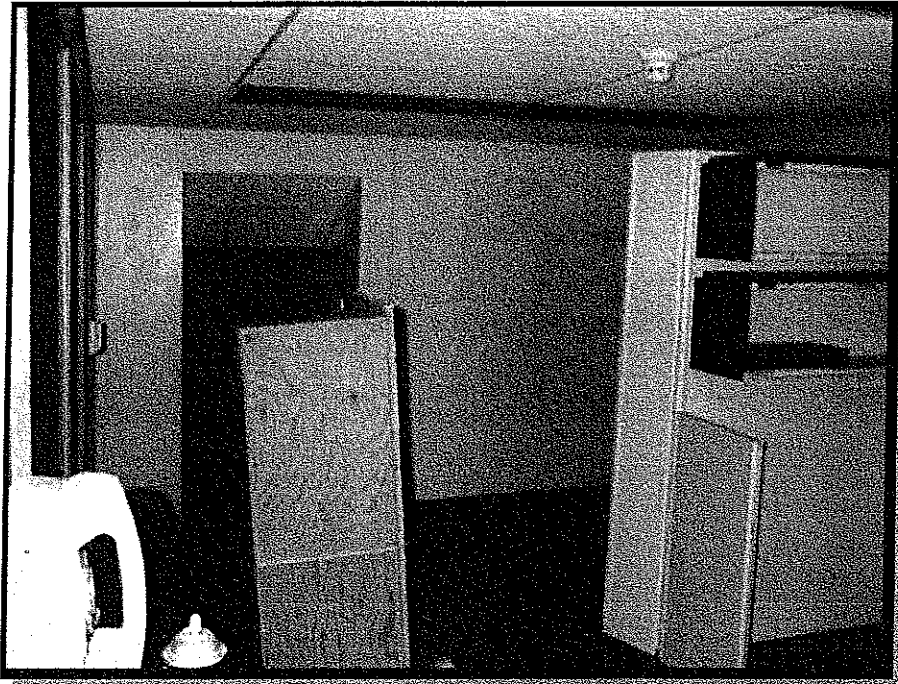
View of the south entrance

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Interior Scene**

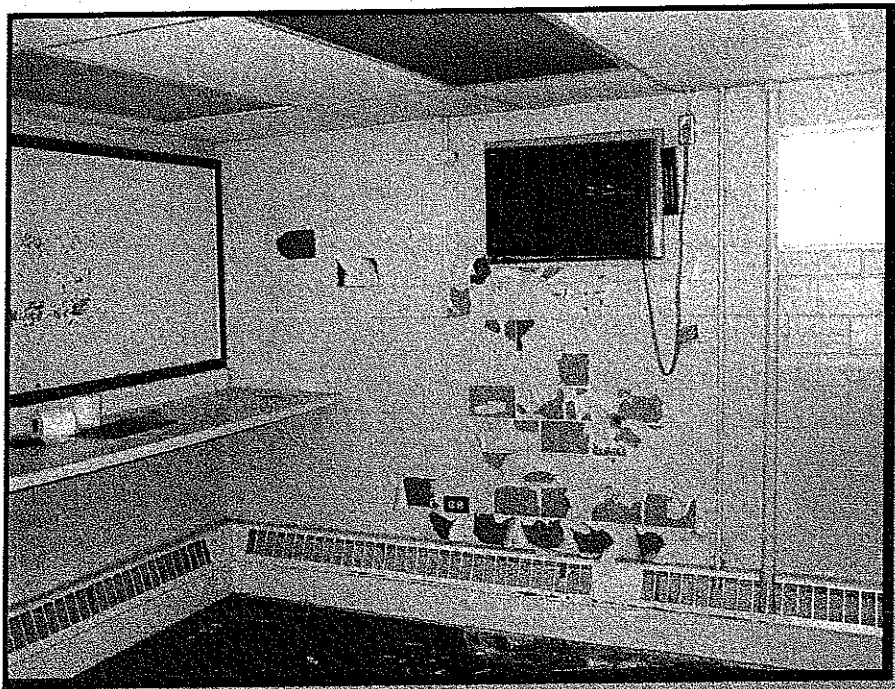
View of stairwell at east  
entrance



**Interior Scene**  
**First Floor**

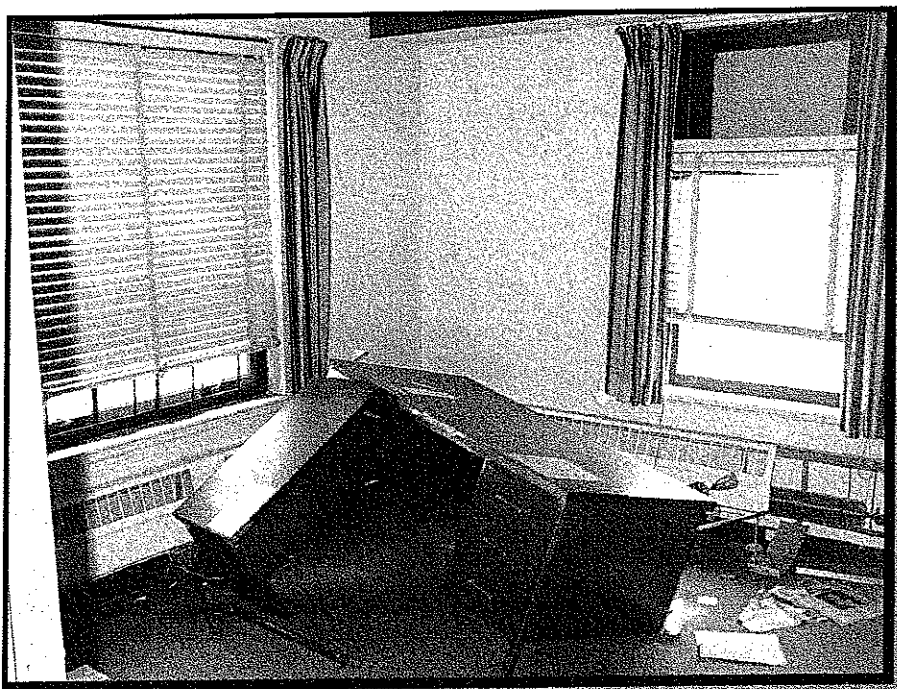
View of reception area

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Interior Scene**  
**First Floor**

View of conference area



**Interior Scene**  
**First Floor**

View of typical office area

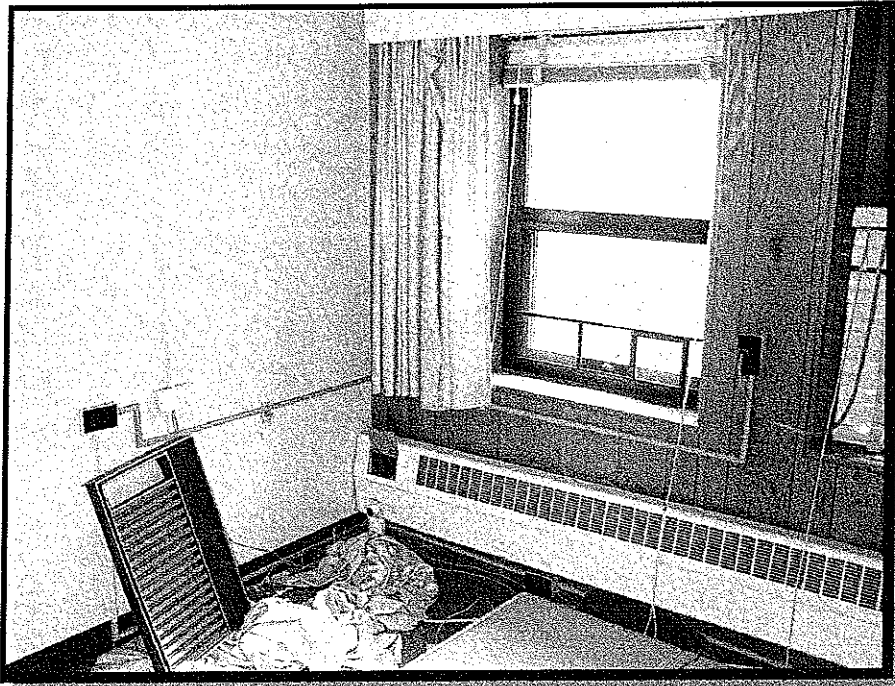


**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Interior Scene**  
**First Floor**

View of restroom



**Interior Scene**  
**Second Floor**

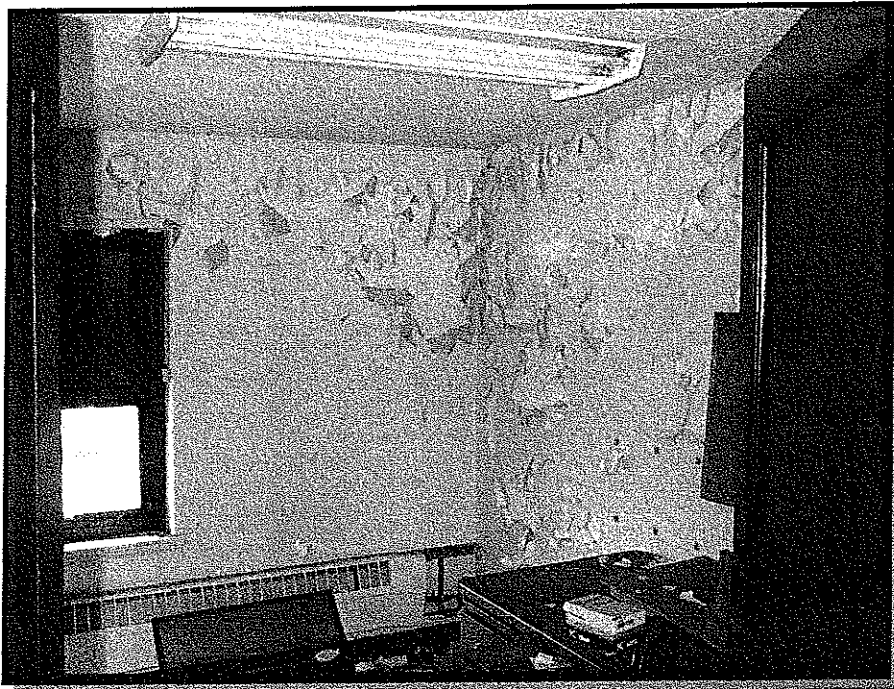
View of typical office

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Interior Scene**  
**Second Floor**

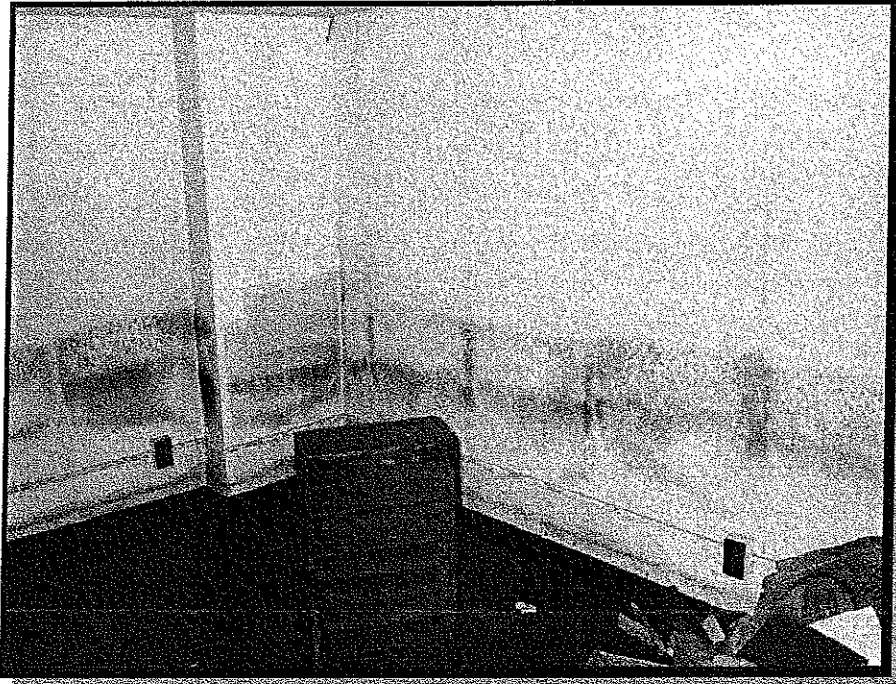
View of typical office



**Interior Scene**  
**Second Floor**

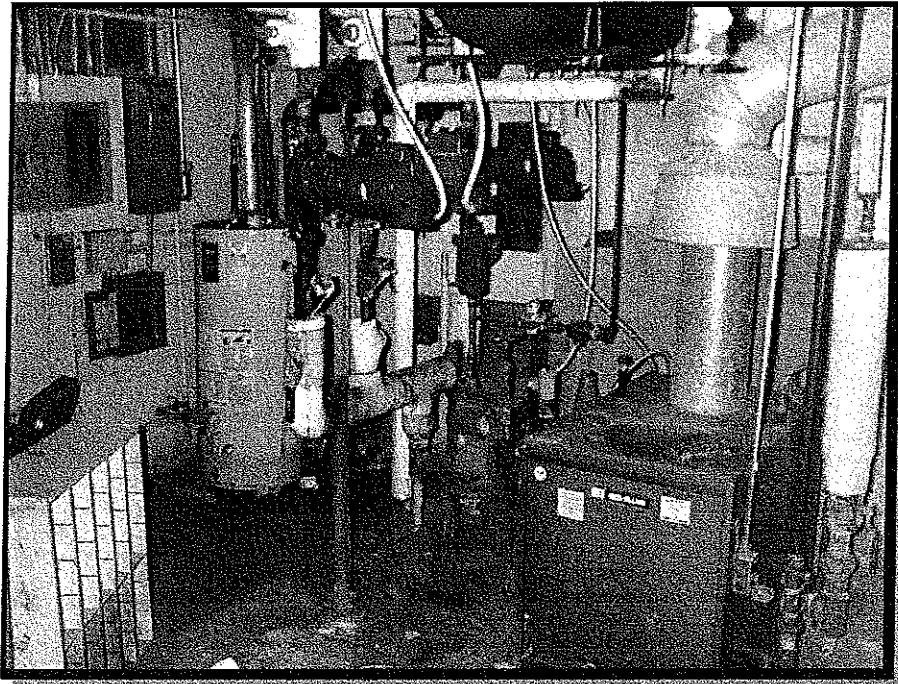
View of typical office

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Interior Scene**

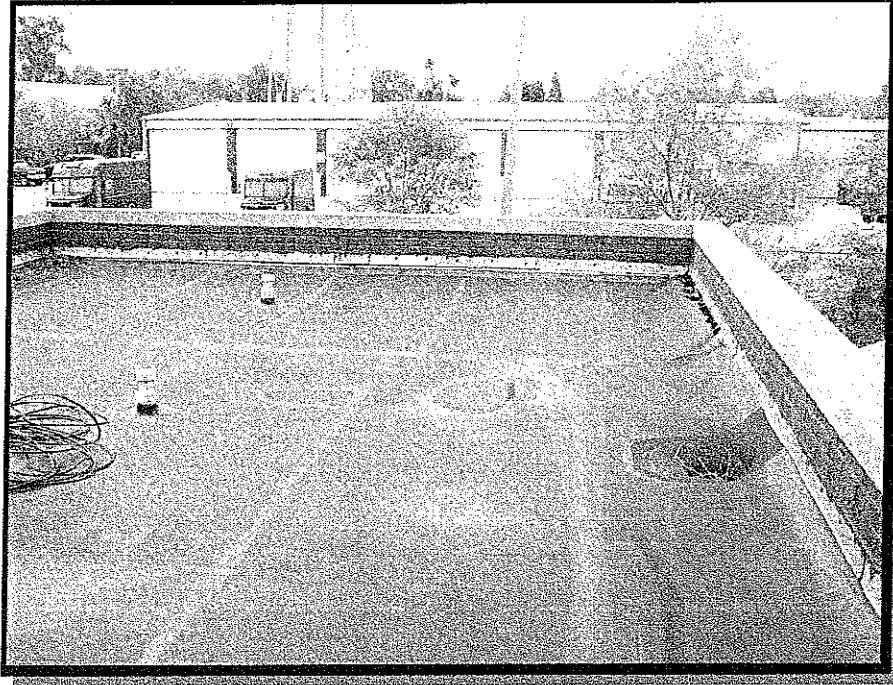
View of basement



**Interior Scene**

View of basement mechanical  
area

**EXHIBIT 1**  
**SUBJECT PHOTOS**  
1011 N. Mission Street  
Mt. Pleasant, MI



**Exterior Scene**

View of membrane roof over  
first floor

## **SECTION I**

**TYPE AND DEFINITION OF VALUE**

**SCOPE OF WORK**

**ASSUMPTIONS AND LIMITING CONDITIONS**

**EXTRAORDINARY ASSUMPTIONS**

## **TYPE AND DEFINITION OF VALUE**

The purpose of the appraisal is to conclude the market value concerning the fee simple estate of the subject property "As Is" as of October 2, 2006.

The intended use of this appraisal report is to provide Ms. Tracy DeClercq of the Michigan Department of Management & Budget with a conclusion of market value for internal decision-making purposes.

The definition of *market value* used in this appraisal report is found in the "Definitions Section, Subpart C-Appraisals, Table of Contents, Part 34-Real Estate Lending and Appraisals, Chapter 1-Comptroller of the Currency, Department of Treasury, Title 12-Banks and Banking," per the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), as of August 24, 1990, is defined as: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

According to The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, published by The Appraisal Institute, the *fee simple estate* is defined as: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

## **SCOPE OF WORK**

The *Scope of Work* is defined in The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, published by The Appraisal Institute as: "The amount and type of information researched and the analysis applied in an assignment, *Scope of Work* includes, but is not limited to, the following:



- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions."

The purpose of the appraisal is to conclude the market value concerning the fee simple estate of the subject property "As Is" as of October 2, 2006.

The intended use of this appraisal report is to provide Ms. Tracy DeClerc of the Michigan Department of Management & Budget with a conclusion of market value for internal decision-making purposes.

Within this assignment the appraisers, Bruce I. Soper and William M. Detrick, inspected the subject property and surrounding area on October 2, 2006 in the presence of F/Lt. Christopher Stolicker of the Michigan State Police. The appraisers took photos of and notes on the subject property and measured the existing improvements.

An analysis of the pertinent data for the subject property and the existing improvements was conducted. The appraisers analyzed the economic and physical factors impacting the subject property. Additional information is also included within this report regarding the real estate assessment, taxes, zoning, and other governmental and demographic data.

The appraisers researched the Mt. Pleasant market for sales and/or rents of competing and/or comparative property utilizing the Commercial Alliance of REALTORS® of the Grand Rapids Multiple Listing Service, the West Central Association of Realtors MLS, the Internet, the appraisers' general files, and professionals familiar with the Mt. Pleasant commercial real estate market such as Bill McDonald of McDonald Appraisal Company. The appraisers verified the found market data, which included the confirmation of the sale and/or rental terms of each transaction, and the condition of the property at the respective date of each sale and/or rental.

The appraisers considered all three (3) approaches commonly associated with the appraisal of real property when concluding the market value concerning the fee simple estate "As Is" as of October 2, 2006: the Cost Approach, the Income Approach, and the Sales Comparison Approach. However, due to the concluded highest and best for the subject property "As Vacant" the appraisers utilized only the Sales Comparison Approach in concluding a market value for the subject property "As Is" as of October 2, 2006.

- The Sales Comparison Approach was formerly known as the Market Approach. The change occurred since it is commonly accepted the name is more explicit as to the intent of the approach. The three basic valuation approaches are properly "market" derived considering all factors.

The Sales Comparison Approach bases its emphasis on the Principle of Substitution. According to the previously quoted text of The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, published by The Appraisal Institute. *Substitution* is defined as:

"The appraisal principal that states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based."

The Sales Comparison Approach is an appraisal technique, which takes its indication of value from sales, listings, and/or options of other properties considered to be possible substitutes for the appraised property. Each comparable is studied and compared to the property being appraised. Where dissimilar, adjustments are made to the comparable, and a final conclusion of value for the property being appraised is made. The appraisers considered the Sales Comparison Approach to be appropriate for the subject property.

The adjustments of the comparable sales followed a logical progression. The sales comparables analyzed were adjusted, when necessary, for property rights transferred, financing terms, conditions of sale, market conditions, location, and physical characteristics such as land size, frontage, functional shape, access, visibility, available utilities, topography, and zoning.

#### **ASSUMPTIONS AND LIMITING CONDITIONS FOR THE APPRAISAL**

1. No responsibility was assumed for legal matters. Title to the property was assumed to be good as well as free and clear of all encumbrances, unless otherwise noted.
2. All maps, titles, and area data furnished by the client or obtained from various city and county departments were assumed to be correct. The appraisers gathered information sought on a local basis. The appraisers assumed the information obtained is authentic and reasonable.
3. All estimates acquired from individuals and opinions furnished by informed persons are assumed to be correct and reasonable.
4. It is assumed the property has been and will continue to be under competent management.
5. This appraisal report is subject to the legal description, which describes the appraised parcel. Unless otherwise noted, it is specifically assumed the utilization of land and improvements is within the boundaries/property lines of the property described, and no encroachment exists. The appraisers assumed the appraised property is subject to easements that are typical for properties of this type, which do not negatively impact the value conclusion(s).
6. If an appraiser's site sketch has been included in this report, its purpose is to assist the intended user(s) with the identification of the subject property and is not to be utilized as a survey. The dimensions shown are approximations only.



7. The concluded value(s) are subject to satisfactory completion of the improvements as generally outlined in this report, if applicable.
8. It is assumed development of the subject has not and will not disturb the present or future ecological balance of the area and/or the appraised property.
9. It is assumed the availability of utilities will be continual throughout the structure's economic life.
10. All of the improvements were assumed to be in accordance with the provided plans, applicable codes and specifications, ordinances, or regulations. All of the mechanical equipment was assumed to be operational and in satisfactory condition. Neither the report nor the appraisers guarantee or warrant any mechanical, physical, or in accordance to specifications concerning any portion of the structure completed or contemplated.
11. This appraisal report is provided to the recipient(s) by the undersigned with receipt of the report conditioned with the understanding that the writers have assumed no liability or cause. In this regard, the report is provided independently and should not be assumed or accepted by the recipient(s) as inducements, denials, or recommendations of acquisition or disposal of the property mentioned. All acts regarding the purpose of this report, ownership, lease, or other position within the property is beyond the appraisal's scope of work and the responsibility of its writers regarding any liabilities or risks associated with those acts remaining with the appropriate parties.
12. The liability of Soper & Associates, LLC, its employees, and/or agents is limited only to the client who is paying the fee ("client") and to the amount of the fee actually received by the firm. Further, acceptance and use of this report constitutes an agreement that there is no accountability, obligation, or liability to any third party. If this report is given to anyone other than the client, the client shall make such party aware of all the limiting conditions and assumptions of this assignment. The appraiser(s) are not responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, whether physical, financial, and/or legal. In the case of limited partnership, syndication, or stock offering in real estate, client agrees that in the case of a lawsuit (brought by lender, partner or part owner in any form of ownership, as well as tenant, or any other party), any and all awards of settlements of any type in such suit, regardless of the outcome, the client and all parties will completely hold harmless Soper & Associates, LLC, its employees and/or agents in any such action. Any party who uses or relies upon any information in this report, without the preparer's written consent does so at his/her own risk. Due to the ever-changing nature of market conditions, and the ongoing evolution of additional information, the information in this report is dated and may not be reliable past the date of this report.
13. The appraisers assumed zoning requirements, building permits, appropriate utility tap-ons, access, curb cuts, and mutual easements as may be necessary have been provided and will continue in a legal manner concerning the subject property and as of the date of appraisal. It is also assumed the subject property's improvements conform to any private or deed restrictions, which may exist.

14. This appraisal report is, intended to be used, in its entirety and solely for the use(s) and user(s) stated. The bylaws and regulations of The Appraisal Institute require each member and associate to control the use and distribution of each appraisal report signed by such member or associate. Except as hereinafter provided, the party for whom the report was prepared may distribute copies of the report in its entirety to such third parties as he/she may see fit, however, selected portions of the report may not be given to third parties without prior written consent of the signatories of this report, or their representatives. Further, neither our names nor the appraisal submitted may be reproduced, all or in part, included in any prospectus, or used in offerings or representations in connection with the sale of real estate, securities, or participation interest to the public. This report or any part of this report may not be disseminated to the general public by the use of advertising, public relations, news, sales, or other medium of public communication without our prior written approval.
15. The appraisers, by reason of the intended use(s) of this appraisal report, are not required to give further consultation, testimony, or to be attendance in court with reference to the property, which is the subject of this appraisal report, unless previous arrangements have been made.
16. The analyses, opinions, and conclusions in this appraisal report are based on the data, analyses, and conclusions contained in this report as well as information held informally in the appraisers' office and files. The data utilized is assumed to be representative of existing market data. The information contained and utilized by the appraisers is dated and may not be reliable post the date of valuation.
17. The appraisers assumed subsequent improvements on any adjacent or contiguous property would be of a type and quality compatible to the appraised property.
18. Unless otherwise noted, the appraisers have neither included, observed, identified, nor considered conformance or non-conformance with the Civil Rights Act of 1964 in regards to Title V of the Rehabilitation Act of 1973, the Americans with Disabilities Act, or the inclusion of Title III issued by the Department of Justice, July 26, 1991, in regard to the subject property. Title III reportedly regards all privately operated, non-residential buildings and their respective accessibility and usability by disabled persons. Reportedly, most businesses, service establishments, and public places may be affected. Existing buildings, new construction, and alterations may be within the scope of Title III, and responsibility may include owners, managers, and tenants. The ADA requirements include the removal of all architectural barriers in existing buildings, in most cases, by January 26, 1992. An entity may be exempt, only in unique circumstances, from new construction obligations of Title III where it may be structurally impractical to make the building accessible. No engineering or review of the subject in regards to compliance has been provided to the appraisers unless otherwise noted. However, the reader(s) or recipient(s) of this report is (are) advised of possible conformance requirements of the subject property in this matter, and where it is recommended, is (are) advised to seek professional advice regarding legal requirements and conformity.
19. This appraisal report is assumed and made subject to outstanding leasing as reported within the appraisal and without contingencies upon those lease terms. The appraisers have assumed any outstanding leases will be in full force and effect without default over

the respective lease terms. It is further assumed the tenant(s) will occupy the building in a manner consistent with its construction and will provide the maintenance and replacements necessary to assure the upkeep of the building. Additionally, the appraisers assumed the lease agreements are written to the satisfaction of the mortgage lender, and assignable, if required.

20. The existence of potentially hazardous material within the subject property or the immediate surrounding area provided prior to or since the original construction of the improvements, including urea-formaldehyde, toxic waste, etc., was not observed by the appraisers. The appraisers are not qualified to detect such substances and additional consultation from other competent sources for potential detection and/or removal is advised. The appraisers assumed the appraised property is free and clear of any hazardous contamination. The southwest portion of the subject property was previously developed with a gas station and according to Mr. Carl Pearson, the owner's representative, there is a baseline environmental assessment that has been issued for the appraised property.
21. This appraisal report has a specific date(s) of valuation(s). Any time lapse since the date of appraisal may enhance or adversely affect the conclusion(s) of market value(s) from causes either within or outside of the property itself.
22. Any outstanding special assessments or delinquent taxes have been assumed paid in full.
23. There are underlying financial and continued economic assumptions included in this report, which led to the value conclusion(s) contained in this report. Some of the assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, the actual financial results achieved during the conclusion period may vary. These variances may be material, which could potentially change the valuation conclusion(s). The intended user(s) should view the valuation conclusion(s) reached by taking into consideration the economic atmosphere and conditions present as of the date(s) of valuation.
24. The appraisers assumed the appraised property is not subject to flooding. The appraisers did not observe any apparent evidence of flooding during the course of the physical inspection of the subject property. The appraisers do not profess to have expertise in the identification of potential flooding issues.
25. The legal description utilized within this report is assumed to be an accurate depiction of the subject property.

### **EXTRAORDINARY ASSUMPTIONS**

**If any of the Extraordinary Assumptions are not met the appraisers reserve the right to reconsider the value conclusion(s) contained herein.**

1. At the time of inspection the appraisers were not provided with a survey. The provided title work did not describe any easements encumbering and/or benefiting the subject property. The appraisers specifically assumed that the subject property is encumbered by the typical utility and right-of-way easements normally associated with a commercial property of this nature.
2. At the time of inspection the appraisers noted a one-story, metal-sided structure containing approximately 130 square feet of building area. The appraisers were not provided access to this accessory structure but were informed by our contact, F/Lt. Christopher Stolicker of the Michigan State Police, that the structure is utilized as a monitoring station for environmental contaminants. The appraisers were further informed that at some point in time in the property's past, there was an underground storage tank, which leaked contaminants into the surrounding area thus requiring the monitoring station. To the best of Lt. Stolicker's knowledge, this contamination has been remediated. However, the appraisers were not provided with any formal environmental studies as it would pertain to the subject property; therefore, the appraisers specifically assumed that all of the environmental issues associated with the aforementioned underground storage tanks and the associated monitoring station have been remediated per the current standards of the Department of Environmental Quality.

## **SECTION II**

### **IDENTIFICATION AND DESCRIPTIVE INFORMATION**

## **IDENTIFICATION OF THE SUBJECT PROPERTY**

### **Location**

The subject property is addressed as 1011 N. Mission Street, within the city of Mt. Pleasant, Isabella County, Michigan. The subject property is more specifically located along the west side of N. Mission Street approximately 342 linear feet north of the intersection of N. Mission Street and E. Pickard Street.

### **Site Description**

The subject property is level and rectangular in shape with 100 linear feet of frontage along N. Mission Street. The net land area is calculated at 13,200 square feet or 0.30 acres.

### **Legal Description**

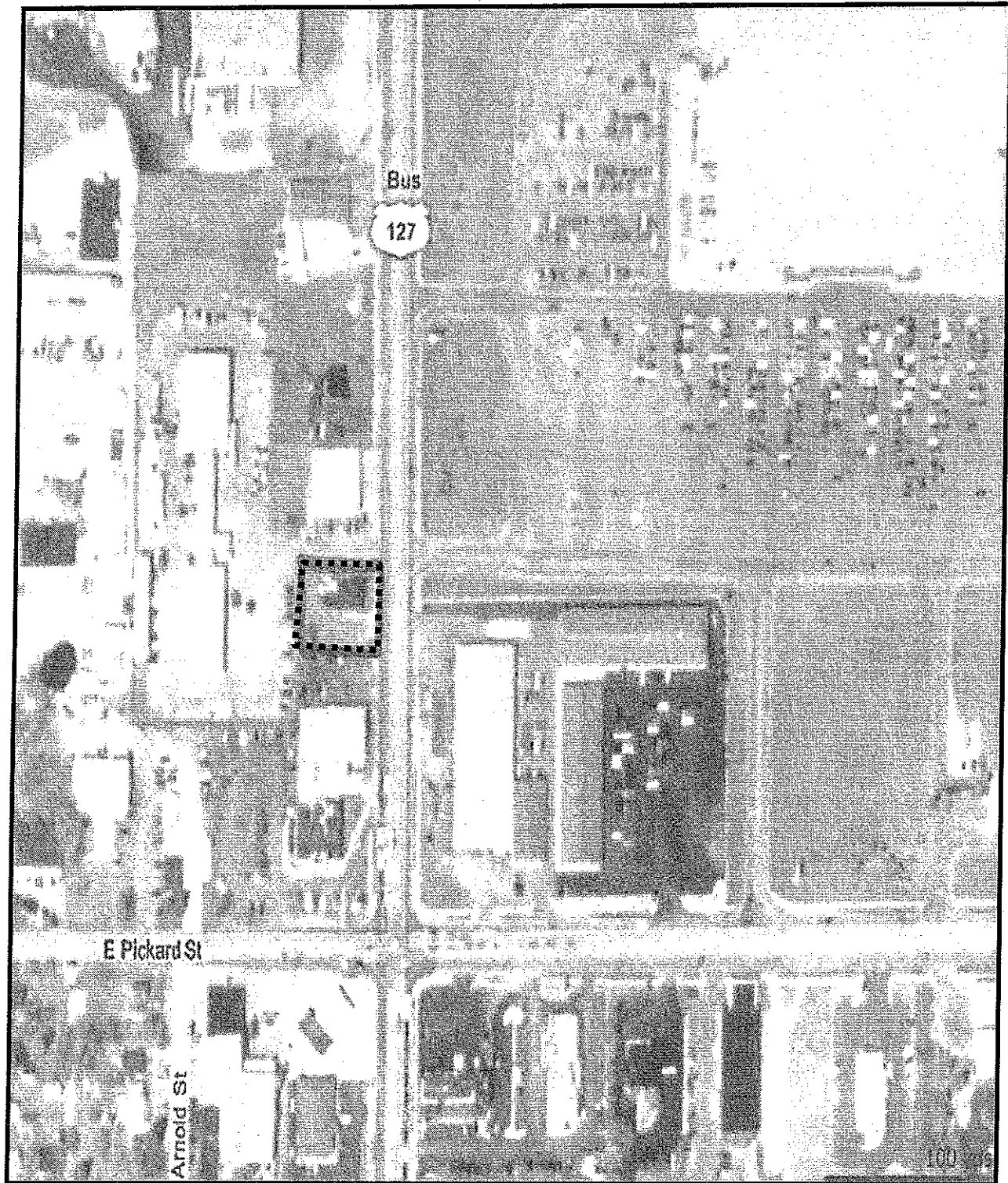
The following legal description was provided by the Michigan Department of Management & Budget, the client, as a part of title work prepared by Lawyer's Title Insurance Corporation, Commitment No. N-100036, dated July 7, 2006.

PART OF SECTION 10, TOWN 14 NORTH, RANGE 4 WEST, CITY OF MT. PLEASANT, COUNTY OF ISABELLA, STATE OF MICHIGAN, DESCRIBED AS: COMMENCING AT A POINT 445.85 FEET NORTH OF THE INTERSECTION OF THE NORTH LINE OF PICKARD STREET AND THE WEST LINE OF MISSION STREET; THENCE SOUTHERLY ALONG THE WEST LINE OF MISSION STREET, 100 FEET; THENCE WEST 132 FEET; THENCE NORTH 100 FEET; THENCE EAST 132 FEET, MORE OR LESS TO THE PLACE OF BEGINNING.

The legal description should be confirmed through an examination of the abstract by an attorney and/or title insurance.

An Aerial View follows as Exhibit 2.

**EXHIBIT 2**  
**AERIAL VIEW**



## **IMPROVEMENTS**

### **Primary Improvement**

The subject property consists of a one- and two-story, concrete block office structure constructed on a concrete foundation, with poured concrete basement walls. The building was built in the 1930's with the appraisers' best estimate being 1936. The structure contains a total gross building area of 3,029 square feet of which 1,832 square feet is located on the first floor and 1,197 square feet is located on the second floor. The structure has an additional 667 square feet of basement area.

Exterior finishes consist of concrete block and brick. The second story roof is comprised of a hip-style structure with asphalt shingle covering. The first story roof is a flat structure with a rubber membrane cover.

The interior office finishes consist of painted concrete block walls, wood paneling, and painted drywall; the floor coverings consist of commercial-grade carpet, ceramic tile, and in the basement, exposed concrete; the ceilings on the first floor are suspended acoustical tile with flush fluorescent lighting fixtures; the ceilings on the second floor are painted plasterboard with suspended fluorescent lighting. The appraisers noted two restrooms. The first floor restroom contains a sink and a toilet; the second floor restroom contains a sink, toilet, urinal, and a shower stall with ceramic tile floors and walls. Heat to the structure is provided by a boiler supplied baseboard radiant heat system. Individual window-mounted units provide air conditioning (unit air conditioners are personal property and not included in the value reported herein).

On the first and second floors the appraisers noted physical deterioration of interior walls, carpeting, and several of the baseboard-heating units. The first story rubber membrane roof cover appears to be torn in the northwest corner and in need of repair. Within the basement the poured concrete walls show evidence of elevated water levels. Conversations with F/Lt. Christopher Stolicker of the Michigan State Police would confirm that on at least two occasions the basement has been flooded as a result of issues associated with the boiler and plumbing.

### **Accessory Improvements**

The appraisers also noted two accessory buildings located on the northwest corner of the property. One accessory building is utilized as a generator shed; is wood framed with vertical wood siding; has a gable style asphalt shingled roof; and contains 82 square feet of gross building area. The other accessory building is an environmental monitoring station that has a flat roof, is metal sided, constructed on a concrete foundation, and contains approximately 130 square feet of gross building area.

### **Site Improvements**

The site improvements include bituminous paving for parking and maneuvering areas, concrete curbs, concrete walks and utility pads, and landscaping.



## **OWNERSHIP AND SALES HISTORY OF THE SUBJECT PROPERTY**

According to the title work provided to the appraisers by the Michigan Department of Management & Budget as prepared by Lawyer's Title Insurance Corporation, there is a warranty deed, Liber 173, Page 488, dated November 26, 1935 transferring ownership of the subject property from Nell Bennett Wood and Louise Bennett Russell to the State of Michigan (Michigan State Police) for the consideration of \$1,000.00. To the best of the appraisers' knowledge the property has remained in the ownership of the State of Michigan for use as a Michigan State Police Post until the current date. The appraisers are aware that the Michigan State Police vacated the building during the latter portion of 1999 per F/Lt. Stolicker. The property has remained vacant with minor up keep for the last seven years with no known sales transactions having occurred.

## **REAL ESTATE ASSESSMENT AND TAXES**

The subject property is situated within the city of Mt. Pleasant, Isabella County, Michigan. The estimated 2006 non-homestead tax rate for the city of Mt. Pleasant is \$59.7388 per \$1,000 of assessed value plus a 0.5% administration fee. The appraised property is identified as Permanent Parcel No. 17-000-15174-00. Because the property is owned by the State of Michigan, it is currently considered tax-exempt and as such has no assessed or taxable values provided by the city of Mt. Pleasant. The appraisers anticipate that, were the property to be sold to a for-profit entity, it would be assessed and taxed.

Contact with the city of Mt. Pleasant treasurer's office and the Montcalm County treasurer's office indicated there were not any deferred or special assessments associated with the subject property. In arriving at the final conclusion of value the appraisers assumed any deferred assessments, special assessments, or delinquent taxes have been paid in full.

## **ZONING AND GOVERNMENTAL RESTRICTIONS**

The subject property is located within the "C-3, General Business" zoning district per the city of Mt. Pleasant. Permitted uses within this zoning district include commercial, retail, and office uses.

The subject property is situated within Census Tract No. 26-073-9504.00 per the US Census Bureau. The city of Mt. Pleasant is a participant in the Federal Emergency Management Agency (FEMA) Flood Program and is located within Zone X, areas determined to be outside the 500-year floodplain, per Community Panel No. 26073C0307 C, dated January 7, 1998.

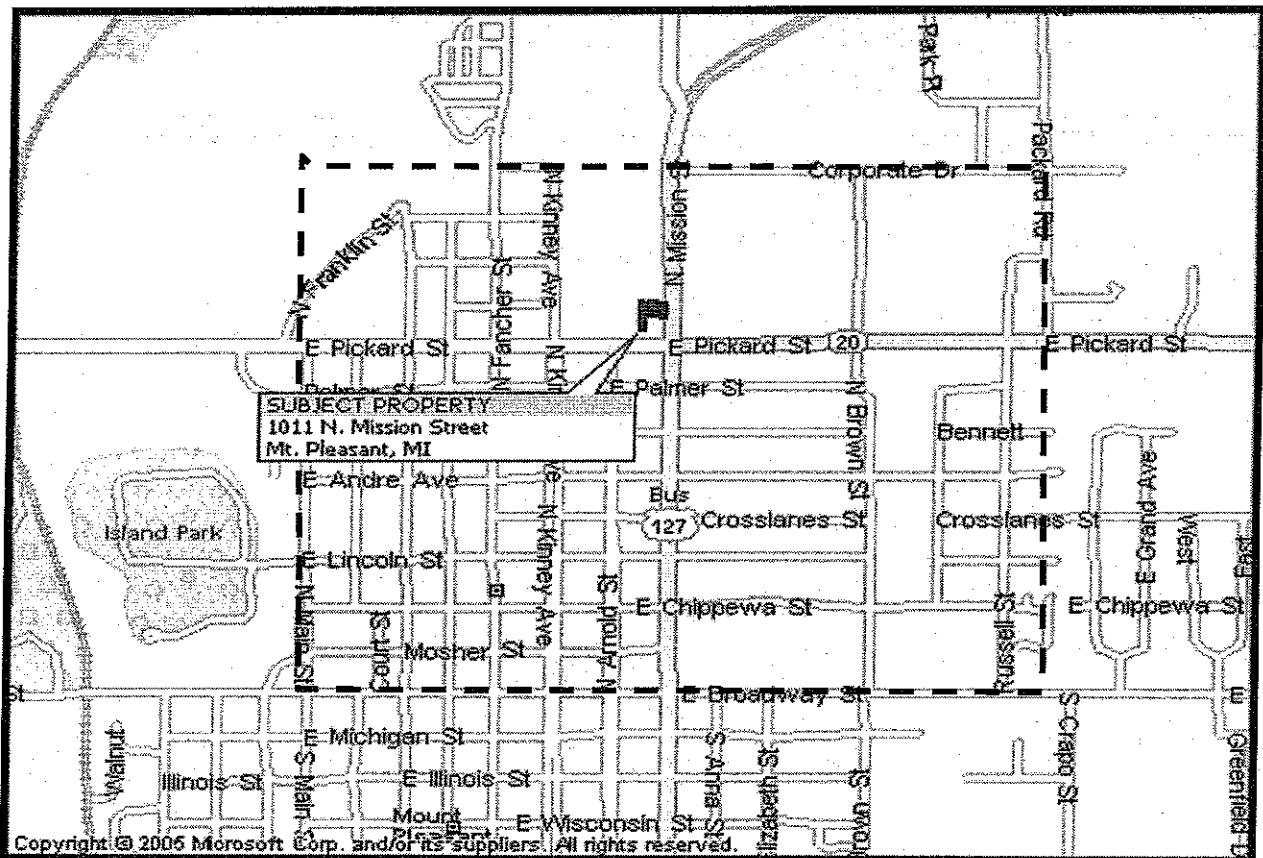
### LOCAL AREA

### Neighborhood Description

The subject property is located approximately one mile northeast of the downtown central business district of the city of Mt. Pleasant. The subject property is located approximately three miles west of US-127. The subject property is located on the major north-south corridor within the city of Mt. Pleasant (BR-127). Access to other major right-of-ways can be gained via eastbound Pickard Street to north- and southbound US-127. US-127 travels north to Grayling where it intersects with I-75 or south to Lansing where it intersects with I-69.

The appraised property is situated within an area of commercial, retail, office, and industrial uses. Located at the northeast corner of the E. Pickard Street and N. Mission Street intersection is newer commercial development in the form of retail strip centers and restaurants. Located immediately west of the subject is the Mt. Pleasant Industrial Park. Located to the southwest is the downtown central business district for the city of Mt. Pleasant, which consists of high density commercial and office uses surrounded by various single- and multi-family residential districts. Local business in the area include but are not limited to: Meijer, Fifth Third Bank, Wendy's, Tim Horton's Restaurant, McDonalds, Chemical Bank, Cutler's Restaurant, Ruby Tuesday Restaurant, Pickard Square (a retail strip center containing a Block Buster Video), Wendell's Furniture Store, Green Spot Pub, Dollar Days, Hathar Hardware & Supply, H&R Block, Mr. Muffler, JW Fillmore's Family Restaurant, Bader & Sons Company John Deere Dealer, Midas, Doozie's Ice Cream, and a UPS Distribution facility.

The neighborhood boundaries area generally defined as those properties located north of Broadway Street, south of Corporate Dive, east of N. Main Street, and west of Packard Road.

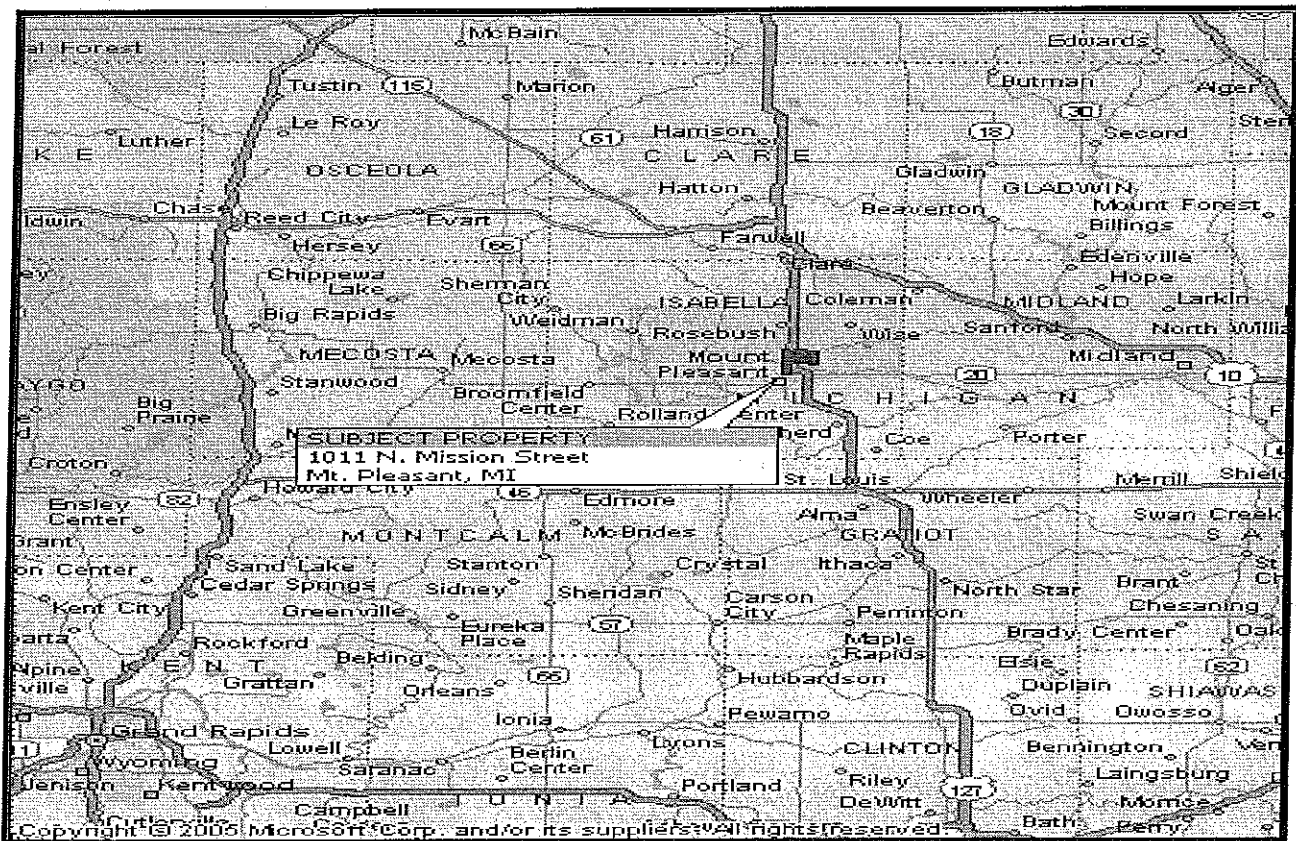


## Summary of General Economic and Neighborhood Trends

The subject property is situated within the city of Mt. Pleasant, Michigan. The campus of Central Michigan University, the Mt. Pleasant Municipal Airport, US-127, and the Soaring Eagle Casino and Resort heavily influences it. Recent land sales utilized within this report would indicate a significant amount of commercial/retail growth located along Pickard Street, east of N. Mission Street. The commercial/retail market along Pickard Street at the northeast corner of Pickard Street and N. Mission Street is fueled heavily by the presence of a Meijer's on this corner. The appraisers expect to see continued growth in new commercial/retail development as well as the occupancy and renovation of existing commercial/retail space, which would be typically associated with a large named discounter tenant of this nature.

## Overview

The subject property is located within the city of Mt. Pleasant, Isabella County, Michigan. Mt. Pleasant is the county seat for Isabella County and as of 2003 had an estimated population of 25,687. Mt. Pleasant is located on the Chippewa River. Isabella County was named for Queen Isabella I of Spain, is one of 83 counties in Michigan, and as of 2004 had an estimated population of 64,481, which was an increase of 1.78% from the 2000 census. Isabella County is located in the heart of Central Lower Michigan, home to Central Michigan University, and the Saginaw Chippewa Indian Tribe. Isabella County includes the city of Mt. Pleasant; the townships of Broomfield, Chippewa, Coe, Coldwater, Deerfield, Denver, Fremot, Gilmore, Isabella, Lincoln, Nottawa, Rolland, Sherman, Vernon, Weidman, and Wise; the charter township of Union; and the villages of Lake Isabella, Rosebush, and Shepherd.



## **EXPOSURE ANALYSIS**

The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, published by The Appraisal Institute, defines *exposure time* as:

- "1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of the Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions").

Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal."

During times when the marketplace is experiencing rapid changes upward or downward, marketing time and exposure time tend to be different. However, during periods of relatively stable markets, marketing time and exposure time are often very similar. The reasonableness of marketing time and exposure time implies these times would be achieved given typical marketing procedures, as well as pricing levels commensurate with the estimated market value contained within this report.

Based upon observations obtained through discussions with local brokers and investors active in the sale of properties of this type, as well as information obtained concerning sales transactions while preparing this report, it is the opinion of the appraisers the exposure time for the subject property "As Is" would be 6 to 12 months.

## **SECTION III**

# **HIGHEST AND BEST USE ANALYSIS AND VALUATION**

## **HIGHEST AND BEST USE ANALYSIS**

### **Definition**

According to The Dictionary of Real Estate Appraisal, Appraisal Institute, Fourth Edition, 2002, published by The Appraisal Institute, *Highest and Best Use* is defined as: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."

It defines *Highest and Best Use of Land or a Site as Though Vacant* as: "Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvement."

It defines *Highest and Best Use of Property As Improved* as: "The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one."

### **Conclusion – "As Vacant"**

The appraisers concluded that the subject property's highest and best use, would be for vacant commercial land available for development. To determine the highest and best use the appraisers analyzed the appraised property's physical capability, legal permissibility, financial feasibility, and its maximum productivity. Then the appraisers determined if the conclusion would be supported within the market.

The appraised property appears to be able to physically support a commercial structure as it has done since the 1930's.

The subject property is located within the "C-3, General Business" zoning district within the city of Mt. Pleasant. Commercial, retail, and office uses are allowed within this district. The appraised property is located adjacent and contiguous to other properties utilized for commercial purposes. The immediate neighborhood surrounding the subject property is highly commercialized and heavily influence by a Meijer supermarket located to the east of the subject property along the east side of N. Mission Street.

Having established that it is physically capable of supporting a commercial building, legally permissible to do so, and financially feasible as evidenced by the successful operation of surrounding uses, the appraisers' next step was to analyze the maximum productivity of the subject property. The appraisers utilized comparable commercial/office properties throughout the Mt. Pleasant area concentrated mainly along the Mission Street (BR-127) commercial corridor. These comparables indicated sales prices ranging from \$28.90 to \$64.66 per square foot of building area. The average unit rate of the sales price for the comparables was \$43.85 per square foot. The appraisers compared the five properties in age, building size, land size, building style, location, and various other physical characteristics which all would appear to indicate an applicable unit rate appropriate for the subject property of approximately \$45.00 per

square foot of first floor building area. The appraisers applied the \$45.00 per square foot to the 1,832 square feet of first floor building area and concluded a value of \$82,440 for the subject property and its primary improvements "As Is". Based upon the valuation conclusion contained within the Sales Comparison Approach for the vacant land as will be discussed later within this report, the appraisers concluded the maximally productive use of the subject property would be to demolish the existing office structure thus making the land available for future commercial/retail development.

In summary, the subject property as vacant commercial/retail land appears to meet the four criteria involved in estimating its highest and best use: legally permissible, physically possible, financially feasible, and maximally productive. Therefore, subject to the *Assumptions and Limiting Conditions*, as contained herein, the appraisers concluded the highest and best use of the subject property "As Vacant" is for commercial/retail development.

**VALUATION OF THE FEE SIMPLE ESTATE  
"AS IS"  
AS OF OCTOBER 2, 2006**

**SALES COMPARISON APPROACH**

**Introduction and Methodology**

The Sales Comparison Approach bases its emphasis on the principle of substitution. When viewing this in the context of real property, the principle states a prudent purchaser would not pay more for the real property than the cost of acquiring an equally desirable substitute on the open market. Taking its indications of value from sales, listings, and/or options of other properties considered to be possible substitutes for the appraised property, each one is studied and compared to the property being appraised. Where dissimilar, adjustments are made to the comparable, and a final value conclusion for the property being appraised is made.

**Land Value Conclusion**

The process of concluding land value involves involves of the previously mentioned Sales Comparison Approach with the primary reliance on the principal of substitution. A market search for the vacant land sales with zoning and physical characteristics similar to the subject property was conducted. Each of the individual sales was then analyzed and compared to the appraised property.

A map locating the appraised property and the land sale comparable properties, as well as detailed comparables, follow as Exhibit 3. Following the presentation of this exhibit the appraisers analyzed the land sales and concluded the land value contribution.

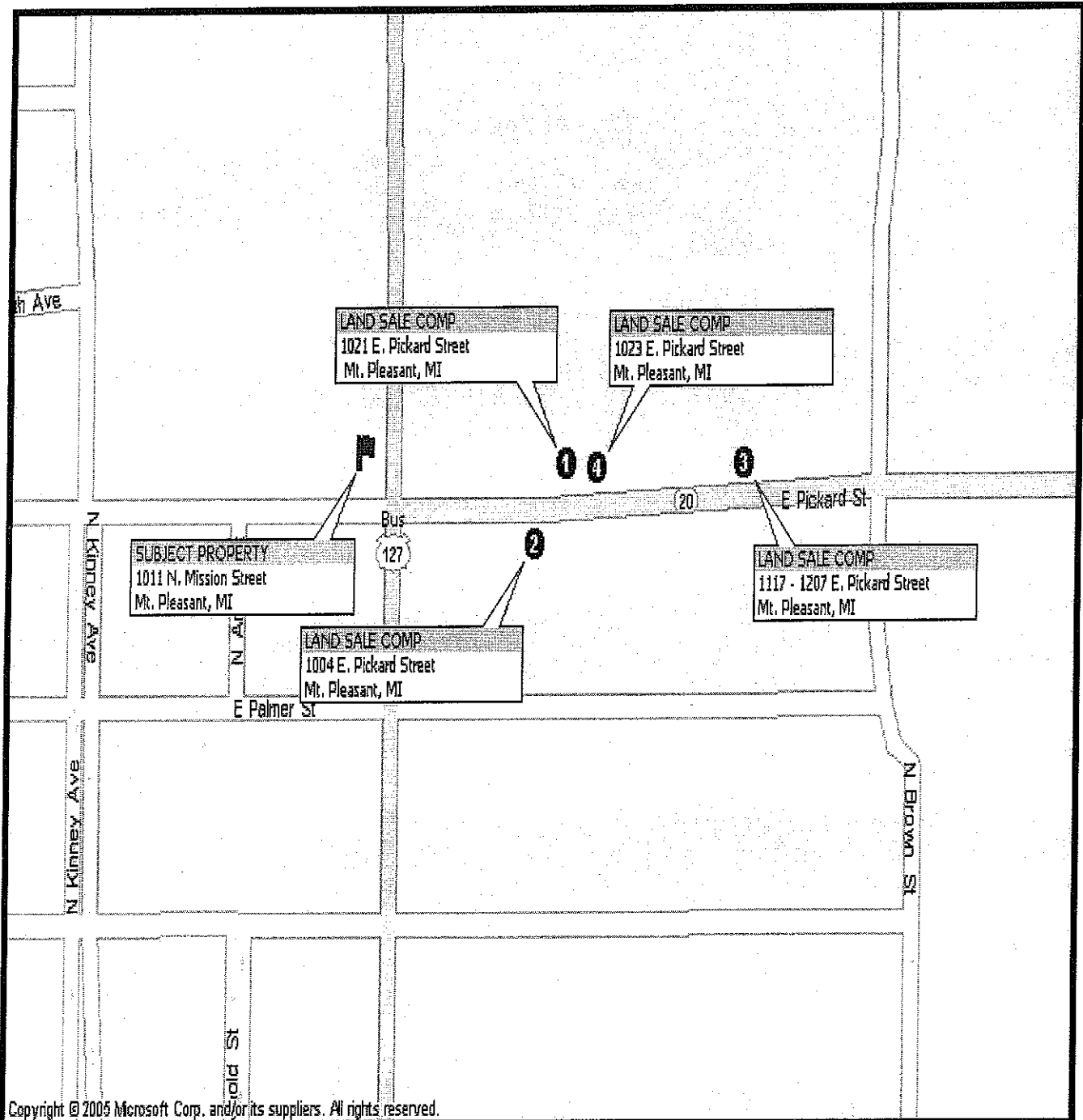


## **EXHIBIT 3**

# **COMMERCIAL LAND SALE COMPARABLES DATA**

- A. MAP
- B. COMPARABLES

**EXHIBIT 3A**  
**COMMERCIAL LAND SALES COMPARABLES MAP**



**COMMERCIAL LAND SALE COMPARABLE  
SALE #2635**

ADDRESS	1021 E. Pickard Street			<b>COMP #1</b>	
CITY	Mt. Pleasant				
COUNTY	Isabella				
STATE	MI				
<b>SALE INFORMATION</b>					
SALE PRICE / TERMS	\$540,000 / Cash	DATE OF SALE	FEB 06	EXPOSURE TIME	N/A
PRICE PER NET ACRE	\$388,489	GRANTEE	Culvers		
PRICE PER SQUARE FOOT	\$8.92	GRANTOR	Good Will Company, Inc.		
PRICE PER FRONTAGE FOOT	\$5,684	VERIFICATION To	Bill McDonald, Appraiser WMD 10/06		
<b>DESCRIPTIVE INFORMATION</b>					
PERMANENT PARCEL NO.	Part of parent parcel 17-000-15307-00				
LAND AREA (ACRES)	1.39	SQUARE FEET	60,548		
FRONTAGE (FEET)	95				
ACCESS	Very Good				
VISIBILITY	Very Good				
UTILITIES	All Customary				
ZONING	C-3, General Business				
SHAPE	Rectangular				
STREET TYPE	5-Lane, Paved				
TOPOGRAPHY	Level				
HIGHEST & BEST USE	Commercial				
LOCATION	North side of Pickard Street; East of Mission Street				
INSPECTED BY	BIS/WMD 10/06				
ADDITIONAL COMMENTS					

**COMMERCIAL LAND SALE COMPARABLE  
SALE #2636**

ADDRESS	1004 E. Pickard Street			<b>COMP #2</b>	
CITY	Mt. Pleasant				
COUNTY	Isabella				
STATE	MI				
<b>SALE INFORMATION</b>					
SALE PRICE / TERMS	\$440,000 / Cash	DATE OF SALE	JUL 05	EXPOSURE TIME	N/A
PRICE PER NET ACRE	\$647,059	GRANTEE	Tim Donut US Limited, Inc.		
PRICE PER SQUARE FOOT	\$14.84	GRANTOR	David & Carolyn Lapham		
PRICE PER FRONTAGE FOOT	\$3,667 *	VERIFICATION To	Bill McDonald, Appraiser WMD 10/06		
<b>DESCRIPTIVE INFORMATION</b>					
PERMANENT PARCEL NO.	17-000-17905-00				
LAND AREA (ACRES)	0.68	SQUARE FEET	29,640		
FRONTAGE (FEET)	120 *				
ACCESS	Very Good				
VISIBILITY	Very Good				
UTILITIES	All Customary				
ZONING	C-3, General Business				
SHAPE	Rectangular				
STREET TYPE	5-Lane, Paved				
TOPOGRAPHY	Level				
HIGHEST & BEST USE	Commercial				
LOCATION	South side of Pickard Street; East of Mission Street				
INSPECTED BY	BIS/WMD 10/06				
ADDITIONAL COMMENTS	* Also has 120 linear feet of frontage along Palmer Street not calculated above.				

# **COMMERCIAL LAND SALE COMPARABLE SALE #2637**

ADDRESS	1117 - 1207 E. Pickard Street			<b>COMP #3</b>	
CITY	Mt. Pleasant				
COUNTY	Isabella				
STATE	MI				
<b>SALE INFORMATION</b>					
SALE PRICE / TERMS	\$515,000 / Cash	DATE OF SALE	DEC 04	EXPOSURE TIME	N/A
PRICE PER NET ACRE	\$290,468	GRANTEE	JP Restaurant Corporation		
PRICE PER SQUARE FOOT	\$6.67	GRANTOR *	Richard & Lisa Swindlehurst/CTD-3B, LLC		
PRICE PER FRONTAGE FOOT	\$2,601	VERIFICATION To	Bill McDonald, Appraiser WMD 10/06		
<b>DESCRIPTIVE INFORMATION</b>					
PERMANENT PARCEL NO.	17-000-1536-00 & 17-000-15338-00				
LAND AREA (ACRES)	1.773	SQUARE FEET	77,220		
FRONTAGE (FEET)	198				
ACCESS	Very Good				
VISIBILITY	Very Good				
UTILITIES	All Customary				
ZONING	C-3, General Business				
SHAPE	Rectangular				
STREET TYPE	5-Lane, Paved				
TOPOGRAPHY	Generally Level				
HIGHEST & BEST USE	Commercial				
LOCATION	Northeast corner of Brown & Pickard Streets				
INSPECTED BY	BIS/WMD 10/06				
ADDITIONAL COMMENTS	* The west half of the property was owned by the Swindlehurst's and was improved with a small barn. Estimated demolition costs were \$5,000. The east half of the property was owned by CTD-3B, LLC and was vacant land.				

**COMMERCIAL LAND SALE COMPARABLE  
SALE #2638**

ADDRESS	1023 E. Pickard Street			<b>COMP #4</b>	
CITY	Mt. Pleasant				
COUNTY	Isabella				
STATE	MI				
<b>SALE INFORMATION</b>					
SALE PRICE / TERMS	\$500,000 / Cash	DATE OF SALE	NOV 02	EXPOSURE TIME	N/A
PRICE PER NET ACRE	\$377,929	GRANTEE	RT Michigan Franchise, LLC		
PRICE PER SQUARE FOOT	\$8.68	GRANTOR *	Good Will Company, Inc.		
PRICE PER FRONTAGE FOOT	\$3,657	VERIFICATION To	Bill McDonald, Appraiser WMD 10/06		
<b>DESCRIPTIVE INFORMATION</b>					
PERMANENT PARCEL NO.	17-000-15308-00				
LAND AREA (ACRES)	1.323	SQUARE FEET	57,627		
FRONTAGE (FEET)	136.72				
ACCESS	Very Good				
VISIBILITY	Very Good				
UTILITIES	All Customary				
ZONING	C-3, General Business				
SHAPE	Rectangular				
STREET TYPE	5-Lane, Paved				
TOPOGRAPHY	Level				
HIGHEST & BEST USE	Commercial				
LOCATION	North of Pickard Street; just East of N. Mission Street				
INSPECTED BY	BIS/WMD 10/06				
ADDITIONAL COMMENTS					

The appraisers arrayed the comparable data based on the size of the land parcels, linear feet of frontage along the primary right-of-way, and depth of the land parcels. The following tables would seem to indicate the smaller parcels of land sell for more than larger parcels of land; parcels of land with fewer linear feet of road frontage appear to command a higher per-unit rate than parcels of land with greater road frontage; and parcels of land with a greater depth appear to sell for less than those properties with less depth. Each of these arrays appears to support a higher per-unit rate for the subject property, which is a smaller parcel of land with less road frontage and depth than any of the comparable properties analyzed within this report.

<u>Comparable #</u>	<u>Acres</u>	<u>\$ / Square Foot</u>
2	0.68	\$14.84
4	1.32	\$8.68
1	1.39	\$8.92
3	1.77	\$6.67

<u>Comparable #</u>	<u>Frontage (LF)</u>	<u>\$ / Front Foot</u>
1	95	\$5,684
2	120	\$3,667
3	136.72	\$3,657
4	198	\$2,601

<u>Comparable #</u>	<u>Depth</u>	<u>\$ / Foot of Depth</u>
2	247	\$1,781
3	390	\$1,321
4	421	\$1,188
1	+/- 450	\$1,200

Of the sales researched the appraisers concluded the value of the subject parcel based on the best four land comparable sales. The appraisers adjusted the comparable sales for property rights conveyed, financing terms, conditions of the sale, market conditions, location, and physical characteristics such as land size, frontage, shape, access, visibility, available utilities, topography, and zoning.

**Market Conditions:** All of the comparables were adjusted upward to reflect the changes in market conditions between November 2002 and the date of valuation, October 2, 2006.

**Comparable #1:** Comparable #1 is located on the north side of the E. Pickard Street, east of the subject property. It has a somewhat larger parcel size of 1.39 acres with 95 linear feet of frontage along E. Pickard Street. The appraisers adjusted this comparable downward for its superior location, access, and visibility. The appraisers adjusted this comparable upward for its overall larger land size since typically larger parcels of land sell for less on a per unit basis than smaller parcels. This comparable was also adjusted upward for its inferior road frontage and shape. This comparable was adjusted upward by a net adjustment of 5%.

**Comparable #2:** Comparable #2 is located on the south side of E. Pickard Street, just east of the subject property. This comparable has a slightly larger land size than that of the subject property and contains 120 linear feet of primary road frontage along E. Pickard Street. The appraisers adjusted this comparable downward for its superior location, access, and visibility. The appraisers adjusted Comparable #2 upward for its overall larger land size. Comparable #2 was adjusted downward by a net adjustment of 5%.

**Comparable #3:** Comparable #3 was located along the north side of E. Pickard Street, approximately three-tenths of a mile east of the subject property. Comparable #3 has a larger land size than that of the subject property and contains 198 linear feet of frontage along E. Pickard Street. The appraisers adjusted this comparable downward for its superior location, access, and visibility. This comparable was adjusted upward for its larger land size and it was also adjusted upward for its overall inferior road frontage. Comparable #3 was adjusted upward by a net adjustment of 3%.

**Comparable #4:** Comparable #4 was located along the north side of E. Pickard Street, just east of the subject property. This comparable has a larger land size than that of the subject property and contains 136.72 linear feet of frontage along E. Pickard Street. The appraisers adjusted this comparable downward for its superior location, access, and visibility. This comparable was adjusted upward for its larger land size and it was also adjusted upward for its overall inferior road frontage. Comparable #4 was adjusted upward by a net adjustment of 1%.

The unadjusted unit rates, per square foot, ranged from \$6.67 to \$14.84. The adjusted unit rates, per square foot, ranged from \$6.43 to \$12.65. The appraisers applied a weighted-average method of analyzing the indicated rates placing 30% weight on Comparable #2, 25% weight each on Comparables #1 and #4, and 20% weight on Comparable #3, indicating an overall unit rate, per square foot, appropriate for the subject property of \$9.10—say \$9.00. Applying \$9.00 per square foot to the subject property's 13,200 square feet of net land area indicated a land value conclusion of \$118,800.



The appraisers then utilized cost data available from the Marshall Valuation Service<sup>®</sup>, a publication of the Marshall Swift Publication Company to determine the demolition costs necessary for the removal of the existing structure. These costs were estimated at approximately \$25,000. Subtracting the \$25,000 from the concluded land value of \$118,800 indicated a land value contribution for the subject property of \$93,800—say \$95,000.

The Commercial Land Sales Comparison Adjustment Summary follows as Exhibit 4.

# EXHIBIT 4

## LAND SALES COMPARISON ADJUSTMENT SUMMARY - PRIMARY

1011 N. Mission Street  
Fee Simple Estate  
"As Is"

City of Mt. Pleasant, Isabella County, Michigan

	SUBJECT	COMPARABLE #1	COMPARABLE #2	COMPARABLE #3	COMPARABLE #4
Unit Rate	Square Foot	\$8.92	\$14.84	\$5.87	\$8.89
Adjustments For	Fee Simple	Adjusted \$/SF	Adjusted \$/SF	Adjusted \$/SF	Adjusted \$/SF
Property Rights	Cash	0%	0%	0%	0%
Financing Terms	Arm's-Length	0%	0%	0%	0%
Conditions of Sale	October 2006	1%	2%	4%	8%
Market Conditions		\$9.01	\$15.14	\$6.94	\$9.37
Location	1011 N. Mission Street Mt. Pleasant, MI	1021 E. Pickard Street Mt. Pleasant, MI	1004 E. Pickard Street Mt. Pleasant, MI	1117-1207 E. Pickard Street Mt. Pleasant, MI	1023 E. Pickard Street Mt. Pleasant, MI
Physical Characteristics	0.30	1.39	0.68	1.77	1.32
Land Size (Acres)	100.00	95.00	120.00	198.00	136.72
Frontage (LF)	Rectangular	Irregular	Rectangular	Rectangular	Rectangular
Shape	Good	Very Good	Very Good	Very Good	Very Good
Access	Good	Very Good	Very Good	Very Good	Very Good
Visibility	All Customary	All Customary	All Customary	All Customary	All Customary
Available Utilities	Level	Level	Level	Generally Level	Level
Topography	C-3, General Business	C-3, General Business	C-3, General Business	C-3, General Business	C-3, General Business
Zoning		0%	0%	0%	0%

TOTAL NET ADJUSTMENT / ADJUSTED RATE

\$8.04

5%

\$12.65

-5%

\$6.43

3%

\$8.05

1%

PERCENTAGE WEIGHT

100%

25%

30%

20%

25%

INDICATED RATE PER SQUARE FOOT

\$9.10 Say \$9.00

LAND VALUE OF SUBJECT PROPERTY  
LESS DEMOLITION COSTS

13,200 SF X

\$9.00 =  
\$118,800  
(\$25,000)  
\$93,800

MARKET VALUE OF LAND  
PER  
SALES COMPARISON APPROACH  
SAY -- \$95,000

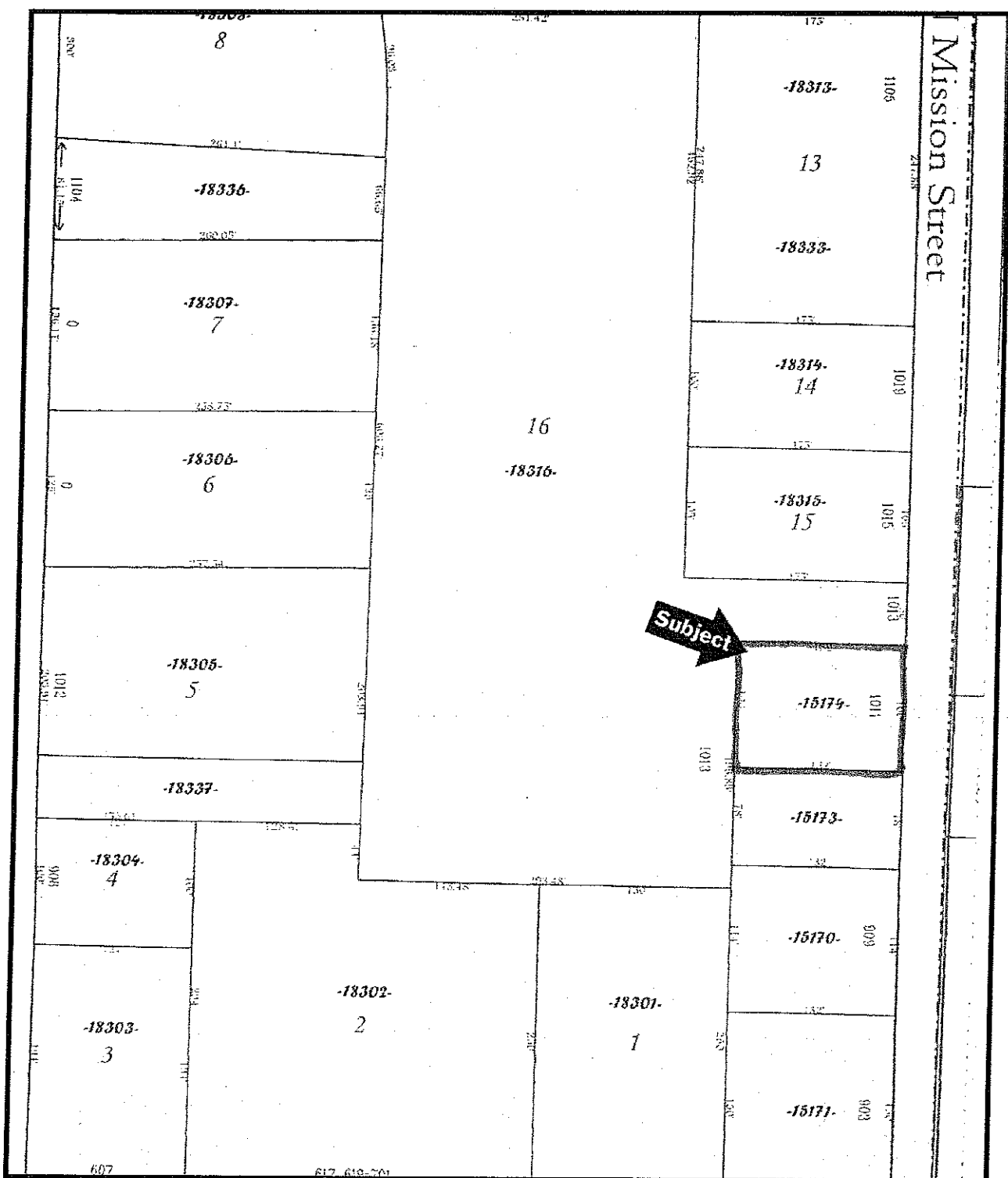
Therefore, subject to the *Assumptions and Limiting Conditions*, Extraordinary Assumptions, definitions, certifications, hypothetical conditions, etc. contained herein, it is the opinion of the appraisers the concluded market value concerning the fee simple estate of the subject property as vacant land "As Is" as of October 2, 2006, via the Sales Comparison Approach, was:

**NINETY-FIVE THOUSAND DOLLARS**

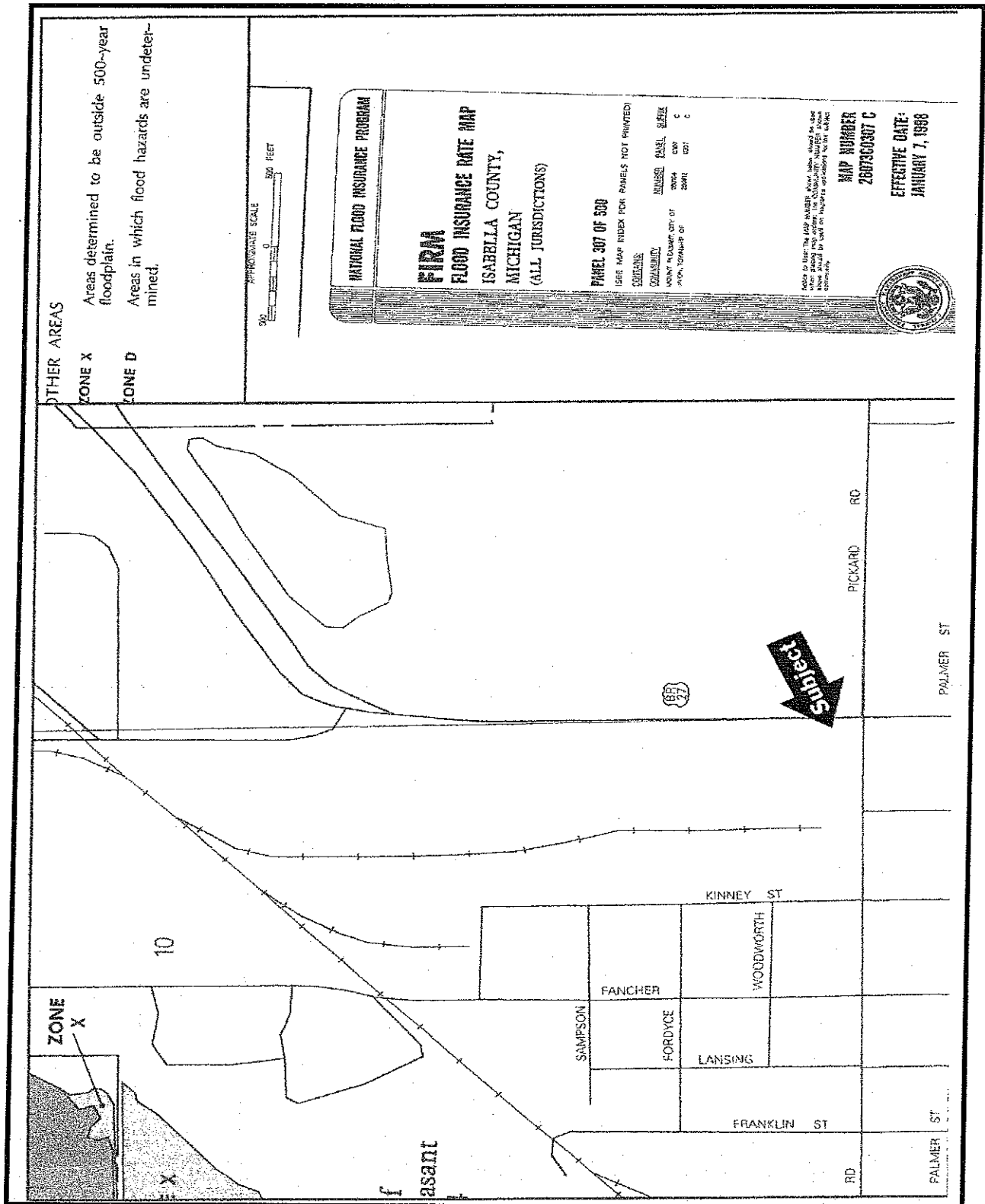
**\$95,000**

# ADDENDUM

# PLAT MAP



# FLOOD PLAIN MAP



# ZONING MAP

**NOTE: Zoning as of 12-31-00 - Large 1" = 100' maps available in city planning office 401 N. Main St**

**Subject**

**MOUNT PLEASANT**

**Central Michigan University**

**Subject**



STATE OF MICHIGAN

JENNIFER M. GRANHOLM  
GOVERNOR

DEPARTMENT OF MANAGEMENT & BUDGET  
LANSING

LISA WEBB SHARPE  
DIRECTOR

September 13, 2006

Via Facsimile and E-mail

Mr. Bruce I. Soper  
Soper & Associates, LLC  
4511 Broadmoor Avenue, SE  
Grand Rapids, MI 49512-5369

**Re: Appraisal services for Michigan State Police Post, 1011 N. Mission Street, Mt. Pleasant, Michigan.**

Dear Mr. Soper,

This letter agreement is entered into between the Michigan Department of Management and Budget (DMB) and your firm, Soper & Associates, LLC, Bruce I. Soper, as the Appraiser. Appraiser shall be paid the sum of Three Thousand Five Hundred Fifty Dollars (\$3,500.00) for completing the appraisal services set forth in this agreement. Appraiser agrees to fully complete the services and furnish a total of four (4) original copies of a professional report in draft format, to DMB by October 18, 2006.

**Please sign two original copies of this agreement and return them to me for execution by the Michigan Department of Management and Budget. Please also include a copy of your insurance binder as required below. Appraisal services should begin as soon as possible.**

The State of Michigan owns the subject property. Please contact F/Lt. Christopher Stolicker, Post Commander for the Mt. Pleasant, Michigan State Police, (989-773-5951) to set up an appointment to make your inspection of the subject property.

The Appraiser agrees to (a) make a personal inspection of the property and advise DMB, in a Complete Appraisal/Summary Report, of Appraiser's professional opinion of the fair market value of the property based upon the property's highest and best use, including all permanent fixtures and (b) in that report, address specific inquiry issues and requirements presented in the State's request for proposals. Any departure from the Uniform Standards of Professional Appraisal Practice must be noted and explained.

In the event Appraiser shall fail to complete the services within the time period specified above, DMB shall, without necessity of notice, terminate services of the Appraiser without incurring any liability for payment for appraisal(s) submitted after the due date, or shall deduct as a penalty a sum of money equal to one-half of one percent (1/2 of 1%) per calendar day of the total fee until the services are fully completed and furnished to DMB.

Upon receipt of a written request from the Appraiser, an extension of time may be granted by DMB in writing. In the event the Appraiser has not received from DMB proper information needed to complete the services, or in the event other extenuating circumstances occur, the time may be similarly extended by DMB. Any liquidated damages assessed under this agreement may be withheld from any money payable to the Appraiser under this agreement or any other agreement with DMB. Additionally, DMB may pursue legal remedies to recover any unpaid liquidated damages.

DMB may give the Appraiser written notice to stop the delivery of services if: (a) the progress or quality of the Consultant's work is unsatisfactory to DMB, or (b) DMB's plans are changed so that the work is no

MASON BUILDING • 1<sup>ST</sup> FLOOR • PO Box 30026 • LANSING, MICHIGAN 48909  
[WWW.MICHIGAN.GOV](http://WWW.MICHIGAN.GOV) • (517) 335-6877



longer needed. DMB will not pay for any work performed after the written notice is given to the Appraiser. However, Appraiser will be compensated for satisfactory work actually performed to date computed on the basis of the Appraiser's written fee estimate. In no event shall the Appraiser be compensated in excess of the amount that would have been paid had the appraisal services been completed.

Appraiser shall furnish appraisal services in compliance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and all applicable federal, state and local laws.

Appraiser shall not assign this agreement, either in whole or in part, or the right to receive money due under this agreement, to any appraiser nor any other party not named on the agreement without the prior written consent of DMB.

All documentation or records created of the work performed or partially performed by the Appraiser shall be the property of DMB and shall be delivered to DMB upon DMB's request. Appraiser agrees to adopt standard accounting practices and maintain appropriate accounting records and to permit DMB to inspect these records at any reasonable time

Appraiser agrees that his report and conclusions are for the confidential information of DMB and that he will not disclose his conclusions, in whole or in part, to any persons whatsoever, other than to submit his written report to DMB, and will only discuss the same with it or its authorized representatives.

Appraiser acknowledges that his report may be reviewed by another appraiser and he agrees to cooperate in that review.

In the event a revision of the work is necessary through Appraiser's error or oversight, the revision shall be submitted to DMB within ten (10) days from receipt of DMB's request at no additional cost to DMB. If revisions become necessary because of revised plans or additional requirements on the part of DMB, it shall be done by written amendment to this agreement.

Appraiser shall purchase and maintain such insurance as will protect the Appraiser from claims which may arise out of or result from Appraiser's operations under this agreement, whether such operations by the Appraiser or by any subcontractor, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. Appraiser shall provide the State of Michigan with a copy of that insurance binder prior to commencing work on the project. In addition to protection afforded by any policy of insurance, the Appraiser agrees to indemnify and save harmless the State of Michigan, DMB, and all officers, agents and employees thereof from (a) any and all claims by persons, firms, or corporations for work or services provided for or by the Appraiser in connection with services which the Appraiser shall perform under the terms of this agreement; and (b) any and all claims for injuries to, or death of, any and all persons, and for loss of or damage to property, and environmental damage, degradation, response and cleanup costs arising out of, under, or by reason of this agreement, except claims resulting from the sole negligence or willful acts or omissions of the indemnity, its agents or employees.

In performance of this agreement, Appraiser agrees not to discriminate against any employee or applicant for employment with respect to their hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. Appraiser further agrees that every subcontract entered into for performance of this agreement will contain a provision requiring nondiscrimination in employment, as herein specified, binding upon each subcontractor. This covenant is required pursuant to the Elliot-Larsen Civil Rights Act, 1976, PA 453, as amended, MCL 37.1101 et seq., the Persons with Disabilities Civil Rights act, 1976 PA 220, as amended, MCL 37.1101 et seq. and all other federal state and local fair employment practices and equal opportunity laws and covenants; and any breach would be regarded as a material breach of this agreement.

As an inducement to the execution of this agreement by DMB, the Appraiser represents and agrees that the Appraiser has not employed any person to solicit or procure this agreement, and has not made, and will not make, any payment or any agreement for the payment of any commission, percentage, brokerage, contingent fee, or other compensation in connection with the procurement of this agreement; and that the Appraiser has not now, and will not acquire, any interest (including that of real estate agent or broker), direct or indirect, present or prospective, and has not employed and will not employ, in connection with work to be performed under this agreement, any person having any such interest during the term of the agreement either directly or indirectly.

The parties agree that the Appraiser and any agents and employees of Appraiser, in the performance of this agreement, shall act in an independent capacity and not as officers or employees or agents of the State of Michigan.

It is mutually understood and agreed that no alteration or variation of the terms of this agreement shall be valid unless made by written amendment and signed by the parties to this agreement.

Payment of the appraisal fee shall be made after the State has reviewed and accepted the appraisal report, but in no event not later 45 days after delivery of the appraisal report.

This agreement is governed by the laws of the State of Michigan.

Very truly yours,

Tracy L. DeClercq  
Real Estate Division  
Facilities Administration

Deleted: H. David Arking  
Real Estate Division

Accepted and Agreed To By:  
Soper & Associates, LLC

By: Bruce J. Soper Date: 13 SEP 06  
Bruce J. Soper

Accepted And Agreed To By:  
Michigan Department of Management and Budget

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Terry Fitzpatrick,  
Director, Real Estate Division  
Facilities Administration

Deleted: Joseph D. Chin Jr., Director  
Real Estate Division

## **WILLIAM M. DETRICK**

### **PROFESSIONAL EXPERIENCE**

- Limited Real Estate Appraiser – Soper & Associates, L.L.C., Appraisers & Consultants, Grand Rapids, Michigan (November 2002 to Present)

### **APPRAISAL-RELATED COURSES**

- Holloway's Real Estate Institute
  - \* Real Estate Appraisal I
  - \* Real Estate Standards I – Uniform Standards of Professional Appraisal Practice
  - \* Real Estate Appraisal II

### **LICENSE**

- State of Michigan – Board of Real Estate Appraisers  
Limited Real Estate Appraiser License #1201069500

### **MEMBERSHIP**

- Grand Rapids Association of REALTORS®
- Commercial Alliance of REALTORS®
- Michigan Association of REALTORS®
- National Association of REALTORS®

# **BRUCE I. SOPER**

## **PROFESSIONAL EXPERIENCE**

- 1991-Present — Soper & Associates, LLC, President
- 1989-1991 — BDO Seidman Real Estate Advisory Services, Grand Rapids, Michigan, Manager
- 1985-1989 — First Federal of Michigan, Commercial Appraisal Officer
- 1984-1985 — Westdale Commercial Investment Company, Real Estate Brokerage
- 1976-1984 — Blandford Appraisal Company, Real Estate Appraiser
- 1966-1976 — Ralph Wenger & Company, Real Estate Appraiser
- 1965-1966 — Touche, Ross, Bailey and Smart, Staff Accountant

## **EDUCATION**

- Augustana College, Rock Island, Illinois — Bachelor of Arts (Accounting Major)

## **APPRAISAL-RELATED COURSES**

- University of Michigan Extension Service Real Estate Appraisal II
- American Institute of Real Estate Appraisers & Appraisal Institute Courses
  - 1-A, 1-A1/8-1, 1A-2, 1B-A
  - Standards of Professional Practice—Parts A, B, C & #310/#320
  - Business Practices & Ethics / Highest & Best Use and Market Analysis
- Society of Real Estate Appraisers
  - Courses—101, 201 & R 11 Exam
- Various seminars presented by the American Institute of Real Estate Appraisers, Appraisal Institute, Society of Real Estate Appraisers, Bureau of National Affairs, Grand Rapids Real Estate Board, Urban Land Institute, University of Wisconsin Center for Urban Land Economics, and the Appraisal Foundation (Appraisal Standards Board)

## **AREAS OF SPECIAL COMPETENCE**

- Real estate appraisal and consulting services for all property types, especially proposed development, litigation- and financial-related services, and special use projects.

## **MAJOR PROJECTS**

- Acquisition and disposition appraisal projects for an excess of 30 public agencies throughout the mid-west within the states of Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin.
- Appraisals for financing and/or litigation purposes of apartment projects, automobile agencies, industrial plants, motels, mobile home parks, office buildings, restaurants, recreation facilities, shopping centers, etc.
- Before and After appraisals for partial takings involving highway right-of-way, pipeline easements, flood control easements, mineral rights, development rights easements, air rights, etc.
- The appraisal of 99 convenience stores and mini-plazas, all located north of Interstate 96 within the state of Michigan.

## **LICENSES**

- State of Michigan — Licensed Real Estate Salesperson
- State of Michigan — Board of Real Estate Appraisers
- State of Michigan — Certified General Appraiser License — #1201000323

## **PROFESSIONAL AFFILIATIONS**

- National Association of Realtors
- Michigan Association of Realtors
- Commercial Alliance of Realtors
- Grand Rapids Association of Realtors
- Designated GAA Member of the National Association of Realtors – Appraisal Section
- Appraisal Institute, Associate Member


**LSI**  
 Corporation

Member of Liberty Mutual Group

 175 Berkeley Street  
 Boston, MA 02117

**REAL ESTATE APPRAISERS PROFESSIONAL LIABILITY**
**THIS IS A CLAIMS MADE AND REPORTED POLICY.  
 PLEASE READ IT CAREFULLY.**
**LIBERTY SURPLUS INSURANCE CORPORATION (herein called "the Company")**
**Item**
**DECLARATIONS**

<b>1. Customer ID:</b> 117136 <b>Named Insured:</b> SOPER AND ASSOCIATES, L.L.C. Bruce I. Soper 1676 View Pond Drive, SE Grand Rapids, MI 49508-4994	<b>This insurance has been placed with an insurer that is not licensed by the state of Michigan. In case of insolvency, payment of the claims may not be guaranteed.</b>
<b>2. Policy Period:</b> From: 02/22/2006 To: 02/22/2007 12:01 A.M. Standard Time at the address stated in Item 1.	
<b>3. Deductible:</b> \$5,000.00 Each Claim	
<b>4. Retroactive Date:</b> 02/22/1993	
<b>5. Inception Date:</b> 02/22/2002	
<b>6. Limits of Liability:</b> A. \$1,000,000.00 Each Claim B. \$1,000,000.00 Aggregate	The Limit of Liability for Each Claim and in the Aggregate is reduced by Damages and Claims Expenses as defined in the Policy.
<b>7. Mail All Notices to Agent:</b>	Liability Insurance Administrators 1600 Anacapa Street Santa Barbara, California 93101 (805) 963-6624; Fax: (805) 962-0652
<b>8. Annual Premium:</b> \$5,567.00 + \$139.18 Surplus Lines Tax	
<b>9. Number of Appraisers:</b> 5	
<b>10. Forms attached at issue:</b> LIA002S (07/01) LIA009 (10/01) LIA012 (07/01) LIA013 (07/01) LIA015 (07/01) LIA018 (07/01) LIA025 (07/01)	

This Declarations Page together with the completed and signed Policy Application including all attachments and exhibits thereto, and the Real Estate Appraisers Professional Liability Insurance Policy shall constitute the contract between the Named Insured and the Company.

By

Authorized Signature

LIA001S (07/01)